DEC. 30
1933

BUSINESS WEEK

BUSINESS INDICATOR

75 – 70 – 65 – 60 – 55 – 50

Week ago

Year ago

Business Outlook

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"SHOOT THE WORKS!"—Walter Chrysler and Fred Zeder happily launch the new DeSoto—most radical yet.

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This Business Week

HERE is a highly authoritative "guess" at the 1934-35 budget: Revenues, $3.4 billions. Expenses, all departments, including debt service, $2.6 billions. Excess of receipts over ordinary expenditures, $800 millions. Expected from repayment of loans made by RFC, $750 millions. Balance available for RFC, relief, recovery program, without further appropriation from Congress, $1,550 millions. If extraordinary expenditures were to be limited to that amount, both ordinary and extraordinary budgets would be balanced. If $3 billions should be contemplated as extraordinary expenditure, it would increase the public debt only $1½ billions.

THE federal government is suing the New York Clearing House members to recover $9 millions to pay off Harriman National depositors in full. Examiners discovered the appalling condition of the bank in 1932, but, assured by the clearing house executive committee that depositors would be fully protected, did not close it. A new president exacted the same pledge. Now, 5 of the 20 banks say the executive committee could not legally make such a promise. They refuse arbitration.

The government demands someone make good, either the clearing house, or the 8 individual executive committeemen if the courts hold they assumed unwarranted authority. The money involved is less than 1% of the member banks' surplus. The principle involved is bigger. If clearing house pledges are not binding, if executive committees must refer action to votes of directors of every member bank, a hard blow is struck at the prestige of clearing house membership.

Perhaps some of the more cynical bankers feel that since deposit insurance has been thrust upon them, they need no longer be so zealous to preserve the tradition of clearing-house responsibility to depositors.

ALUMINUM COMPANY OF AMERICA is not a big, bad wolf relentlessly pursuing the innocent little independent fabricators. A jury in the Connecticut District of the Federal courts so decided at the end of 11 weeks of trial, including 2½ days devoted to the Judge's charge. The Baush Machine Tool Co. sued for $9 millions under the anti-trust laws—$3 millions actual and $6 millions punitive damages. The jury did not believe the big corporation, controlling 98% of the industry, had done anything illegally to harass the Baush company; apparently was convinced also that the huge supply of scrap aluminum makes it impossible for the Mellon corporation to control prices. Always wincing at this line of criticism, the Aluminum Co. makes no attempt to conceal its gratification with its vindication at the end of a hard-fought trial.

RUMOR No. 3,467-A concerning General Johnson: That his eventual successor will be O. Max Gardner, former Governor of North Carolina. Gardner is closely associated with Southern textile mills, and also is interested in the rayon industry.

IT isn't accident that you've been seeing so many prunes here, there, and everywhere. No, indeed. The United Prune Growers of California have been busy, getting displays all over the place. New York eats 20% of the prune tonnage of the country. It is being educated to demand the big "Imperials." The Automats in New York serve half a ton a day.

WEIRTON STEEL'S Oct. 16 agreement was signed by E. T. Weir, chairman, by Senator Wagner of the National Labor Board, and by the leader of the strikers, but not by the head of the company union as our Washington dispatch stated (*BW—Dec23'33*). "Otherwise fair and constructive," says the company of our survey of the situation, which included a staff investigation on the spot.

STEPHEN M. DUBRUL was loaned to NRA to assist Dr. Alexander Sachs, and then succeeded Sachs as head of the Division of Research and Planning. Now he goes back to General Motors to resume his work as economist of GM's sales division. GM's good luck is that thus it gets the services of the ablest NRA code expert who has yet returned to private industry. GM can use his knowledge; some 40 or 50 codes impinge upon GM's activities.

EMPTY store windows give a bad impression of the state of business in a town. Accordingly, Elgin, Ill., is pushing a program whereby empty store windows in its business section are given over to attractive displays of products of local manufacture until such time as the quarters are rented.

GEORGE J. SCHALLER is the head of a bank in Storm Lake, Ia. (pop. 4,200), with deposits of less than $1 million, but directors of the Federal Reserve Bank of Chicago think enough of him to choose him as acting governor.

The Business Outlook

The world closes its books on a dramatic year, and finds on net balance it bettered 1932 by a little. *Business Week's* index of general activity for 1933 averages about 4% above 1932. But that is no mean achievement, for the index ends the year 14 points above the year's opening, and it records a climb of 20 points from the low of March 18. Moreover, it stands a little above the end of 1931. . . . Confidence in further recovery in 1934 rests upon the anticipated stimulation of public works projects, the revival of railroad buying partly sustained by government loans, continued relief for agriculture, and a vastly strengthened banking system. . . . Looking backward for a moment, 1933 recorded 70% increase in steel business, 43% in automobiles. The general industrial output rose 20%. One major industry—construction—may not quite cross the 1932 mark, but December awards of contracts for 2 weeks are 50% of the entire month last year, giving our index a sharp nudge upward. . . . Carloadings took an unconventional upturn in mid-December, breaking a 13-year precedent. November rail earnings look favorable. Christmas trade was generally satisfactory. . . . Commodity prices responded to the silver buying announcement, though elsewhere its significance is minimized. . . . Now for the customary January quietude.

BUSINESS WEEK

DECEMBER 30, 1933

The World in 1933—and 1934

Amid momentous events, business pushed ahead in 1933. Encouraged by results, and with plans already made, its progress should accelerate in 1934. Significant highlights of the year that's ending–and what to watch in the next one.

Not for 4 years has world business anticipated the new year with such optimism.

There is justification for it. Almost without exception, the great commercial and industrial countries are in better condition than they were a year ago. Then, business was barely holding its own. Now, it is making some progress.

Germany, for instance, estimates that industrial production this year will exceed 1932 by more than 22%. More than 2 million Germans have been put back to work, though wages in many cases are low.

In Great Britain, unemployment has declined more than 18% since the first of the year. The index of industrial production at the end of the third quarter was almost exactly where it was in January, but some of the year's most rapid industrial strides have come in the last quarter.

France, while it has been slightly less confident in recent weeks, is well ahead of its position at the beginning of the year. Japan's index of industrial production showed an advance of nearly 11% in the first 9 months. Argentina is profiting from higher prices for commodities and spreading demand in world markets. Mexico is gaining confidence behind a well organized 6-year program for industrial reorganization and recovery.

Seven Big Events

Of the many momentous events in 1933, there are 7 which will probably stand out as having the greatest influence on business.

(1) The banking holiday in the United States and the ultimate abandonment of the gold standard almost brought world business to a halt temporarily. France and the small group of countries remaining on the gold standard (including importantly Holland and Switzerland) were, and still are, in a difficult situation. No race to devalue currencies has developed, but the future is uncertain.

(2) Europe, more than the rest of the world, feared for the worst when Hitler became chancellor in Germany. War talk reached a high pitch. Former friendship with Moscow cooled. In Paris there was talk of "moving in" on the Reich. Mussolini refused to be won over to the Nazi régime. So far the most serious results have been the anti-Semitic campaign and the resulting boycott of German goods, both of which have eased in recent weeks. The slow revival of business from panic levels, and the huge reemployment must be credited, at least in part, to the Hitler program.

(3) When Japan gave formal notice of withdrawal from the League of Nations, it created a stir. When Germany also walked out, and Mussolini gave notice that the League would be reorganized or Italy would leave, the matter became of first importance. Post-war Europe is built on the treaty of Versailles, and the League. The League cannot completely disintegrate without serious results.

(4) Next to the banking holiday in the United States the World Economic Conference in London was the outstanding event of the year economically, more for its negative than its positive results. Indeed, beyond the wheat and silver agreements and the personal success of Mr. Litvinov in winning a series of treaty agreements with Russia's neighbors and possibly paving the way for the recognition by Washington later in the year, there were few positive results. There was, probably for the first time, the realization that the United States could not be pushed back on the gold standard simply because France wanted it. There was also the realization that tariff agreements would for some time be a matter of bilateral bargaining, with the hope that 2-country pacts would grow of their own accord into customs groups.

Cuba Libre

(5) The overthrow of the Machado government in Cuba and the ultimate establishment of a liberal government entirely free from, in fact antagonistic

Soyuzphoto

INTERNATIONAL AMENITIES—The Soviet Ambassador to the United States greets the American Ambassador to the Soviet States on his arrival at the White Russian Station in Moscow. In light gray felt hat, Ambassador Bullitt; on his right, Ambassador Troyanovski; on his left, 9-year-old Anna Bullitt.

to, the elements in the United States which had supported previous governments, is included in the year's highlights because it was accompanied by less of dictated intervention from Washington than any previous serious revolution in the Island. It probably marks the beginning of a new policy directed toward the building of economic friendship with Latin America. More than anything accomplished at the Montevidéo conference, it should improve relations of the United States with the countries of Latin America.

Trade and Diplomacy

(6) Washington's recognition of the Soviet Union probably will influence diplomacy in the Far East as much as it will develop trade between the 2 countries. In fact, it is reported that President Roosevelt and Mr. Litvinov spent most of their time discussing the problem in the Orient. Either way, the event merits a place in the list of significant developments in 1933.

(7) Japanese diplomats and industrialists are bargaining at Simla with representatives from both Britain and India. The conference was called when India raised the tariffs on non-Empire textiles to the point where Japan could not compete in this market, which had become one of her greatest. The move followed inter-Empire trade agreements made at Ottawa more than a year ago.

The Simla meeting is a conference in which is being battled out the apportionment of vast foreign markets. Japan, with low production costs, is usurping Britain's vast markets for cheap cotton goods. Britain, with Empire-preference, is effectively combating it.

The conference epitomizes the struggle into which Japan is entering to hold the market she has captured in recent years with a cheap yen, cheap labor, and clever manufacturing ability. The effective protest of Britain is typical of the less vocal protests of a half dozen other nations—including the Netherlands, Italy, Germany, and the United States. Even China has suffered from the onslaught. The problem will not be settled in 1934.

Economic Trends

Besides these highlights, there are economic trends which have developed during the year and which must not be forgotten in planning for the future. "Managed" currencies are the talk of the hour. "Planned" production is another phrase popularized in 1933. Price fixing, or price guaranteeing, have been tried in the United States, Argentina, Germany, France, Britain, as well as Russia. With increasing employment, there is a growing demand for shorter hours. Britain's most powerful unions are demanding a 40-hour week. So is the German iron and steel industry. Italian workers want it. French laborers have raised their cry for shorter hours.

Recovery efforts made definite headway in 1933, but they were in many cases only in the experimental state. 1934 is going to show results. Looking ahead, business should be alert for these developments:

(1) Monetary moves. France has clung successfully to the gold standard, possibly only because of the full support of London in recent weeks. This may not continue. Aggressive monetary moves, however, are likely to be initiated in Washington or London. The first important gesture toward stabilization is likely to come from President Roosevelt. Stabilization will be an all-round affair when it comes. It should not be expected in the early part of 1934.

International Recovery

(2) Recovery moves. Public works programs are just beginning to gather momentum. In Germany and Italy, they are in somewhat the same state as they are in the United States. Britain is moving more slowly, having had little success with such projects in the past. Slum clearance is gaining support in all great industrial countries. Germany has eliminated automobile taxes for 1 year to boost the industry; is building a network of special automobile roads. Britain is coming to the rescue of the shipping industry; has boosted the iron and steel industry with high protective tariffs until it can reorganize. Japan is pushing the development of Manchukuo, keeping mills and factories busy with military orders, equipment for government-subsidized projects. Projects of this sort will multiply next year.

(3) Government regulation of industry. Just as the NRA is regulating industry (not taking over industries) in the United States, so foreign governments are taking a hand in rationalizing their economic life. The British are sternly forcing coordination on all forms of transport. Steel gets government aid only so long as it pushes ahead with its rationalization program. Germany has effective control of banking, shipping, communications, and the heavy industries. Japan, within the year, has forced mergers in the insurance business, banks, the beer, and iron and steel industries. Argentina, France, and Germany have guaranteed minimum prices on farm products. There will be more of this in 1934. Some countries frankly liken it to Mussolini's "corporate system."

Remaking the League

(4) The League of Nations will be reorganized or liquidated. So long as neither is accomplished, the League is ineffective.

(5) War debts will probably drag along until there is an opportunity to bargain them off the slate in the currency stabilization and tariff agreements.

(6) There will be a gradual revival of international lending. Britain is already urging it, is likely to open the London market to foreign issues next year.

(7) Trade barriers will loosen gradually. Experts expect the growing number of 2-country agreements to spread to whole groups. Effective operation of the British Empire group, and possible formation of a Pan-American group would soon force Continental Europe into a customs union.

Far East Fears

(8) Soviet-Japanese tension in the Far East remains a serious matter which may easily become of first importance in 1934. Bitterness over the negotiations for the sale by Russia to Japan of the Chinese Eastern Railway has been intensified by Soviet suspicion of Japan's railroad expansion toward the Siberian border. Soviet troops and supplies are still quartered in the Far East, and Russia has made special concessions to citizens who will help to settle the vast undeveloped region north of Manchukuo.

(9) United States–Soviet trade is likely to develop in 1934 to somewhat the proportions it assumed in 1929-30, when exports to Russia averaged about \$100 millions. This time, imports from Russia are likely to expand also, and credit terms on Soviet orders will need to be more liberal.

(10) Economic nationalism will continue. Whether or not foreign trade expands, countries will seek to become less dependent on others.

The picture is much brighter than it was a year ago. There is already definite progress to lend encouragement. The real test of many schemes in the new economy, however, will come in 1934.

Globe

NOW IT CAN BE SEEN—This first official photograph of the President and his Cabinet, obviously made months ago, was held until this week for release, just in time for Congress to frame. Left to right, seated (reading across both pages) Secretary of War Dern, Secretary of State Hull, the President, Secretary of the Treasury Woodin, Attorney General Cummings. Standing, Secretary of Agriculture Wallace, Secretary of the Interior Ickes, Secretary of the Navy Swanson, Postmaster General Farley, Secretary of Commerce Roper, Secretary of Labor Perkins. Acting-Secretary Morgenthau now sits in Mr. Woodin's chair.

Roosevelt Luck Still Holds

Many strong forces tend to keep Congress off his neck, but no game laws protect his appointees.

WASHINGTON—Despite a lot of fast defensive footwork on the part of high Administration officials, from Hugh S. (Crackdown) Johnson down through the Brain Trust to the lowest cabinet member; despite various outward visible signs of a rumpus to begin next Wednesday when Congress assembles, one wonders if it is really true that the Roosevelt honeymoon is over.

It is obvious Congress as a whole and the President personally are still at blissful peace. There is no definite sign so far that hints just when the serpent is going to creep into this particular garden. Present mutual admiration cannot last forever. For instance, the Republicans cannot continue to play dead, as they have been doing. That would be too unnatural. But today no one knows what form the attack will take.

Canny and Guileful

But of course the honeymoon does not apply to any of the President's lieutenants. Most of them are in for a fine razzing. A few exceptions are noted, such as Canny Dan Roper, Secretary of Commerce, and Guileful Claudius Swanson, Secretary of the Navy, who know their Capitol Hill backwards and just what pleases, as well as just what irritates, the legislative sharpshooters.

But most of them! They are going to learn all about the age-old rule, dating not merely from the Stuarts in England and the Capets in France, but way back to the Medes and Persians, that loyalty "lies only to the king." Not to his ministers. Hardly ever. And maybe the king can do no wrong, but there is no way for him to do right by his lieutenants. He may want to help them, the worst way, but the boys shooting at them are heated up by the thought that the king has the wrong set of advisers anyway, and it would be a real service to the throne to knock them over. Curiously, most of the king's loyal subjects feel the same way. Said loyal subjects would never feel quite so loyal as when kicking the king's favorites downstairs. Take a look at the office politics of some corporation you know something about and you will see the same sort of performance.

But applied here in Washington, it means rough riding, for the Brain Trusters, most of the Cabinet members, and most of the bureau and commission—pardon, please; we mean council—heads either know it now or are going to find it out very quickly.

Johnson Is Nervous

Hugh Johnson knows it now. Curiously enough, he is nervous as the proverbial cat about it. He has told a score of friends that he would like nothing in the world better than to get out, right now, ahead of the explosion. But he cannot bring himself either to let the country see him run, or to resist Roosevelt's insistence that he stay and face the music.

But big business men whom he has bullied in code negotiations would be flabbergasted if they could realize the man's nervousness over what the lads on Capitol Hill are going to do to him.

His real friends are hoping to high heaven that the first question asked of Johnson in a congressional investigation makes him ripsnorting mad—so mad that he will forget everything in his rage—so mad he will lash out in his old-time epithet-throwing fury. They would like to see him emulate Charles G. Dawes, when that gentleman, before a keenly probing House Committee, made "Helen Maria" famous and started himself on the road to the vice-presidency and the Court of St. James.

Just Waiting to Go

Incidentally there is no doubt that Johnson will get out the very moment it is apparent congressional shooting at NRA is over. Nor that a good many of his lieutenants, urged by him for the moment to stick on for the same reason he is sticking, will follow him.

Most of this investigating and sniping, however, will be rather haphazard and sporadic. There is no desire by the majority in either House or Senate to stir up trouble. Senators and representatives who did not get much recognition in the way of patronage are good and sore, but are a small minority.

Some of them sit on committees where they can make trouble. They will do their best to hit Roosevelt over some cabinet member's or Brain Truster's shoulder. They will snipe at appropria-

tions known to be especially desired. Individual Republicans may pursue the same tactics.

But there will be no wholesale investigations to dig out the dirt and embarrass the Administration. Such investigations as a rule require a vote directing them in one or the other of the Houses of Congress.

Elections at Stake

In the House there is an unwieldy Democratic majority. More than a hundred of its members were swept in from normally Republican districts on the anti-Hoover landslide. They know their only earthly hope of reelection lies in the possibility that Roosevelt, next November, will be tremendously popular. On that, far more than any individual action of theirs, depends whether they are retired to private life. There are almost another hundred Democratic members who come from doubtful or fighting districts. They are influenced by the same motives.

Then, take the Democratic leadership—Speaker Rainey, the committee chairmen, and on down the line. Only by Roosevelt's continuing to be popular can they retain their power. As they reached their power mostly from seniority, it follows that their seats are not in much danger. But their power is. Only if a Democratic majority is continued will that last. And how Rainey does like being Speaker! Not to mention the joy, say, of Doughton, of North Carolina, in being chairman of Ways and Means!

Those lads will not be found voting for any investigation they think might really prove embarrassing to Mr. Roosevelt. Nor against any appropriation they think vital to his continued popularity. Always reserving the right, of course, to smack down anybody in the Administration except the President himself.

Senators Need No Help

Senators are more independent than members of the House for several reasons. For one, they do not so greatly need the popularity of a President when they are running for reelection. There is not much logic in this. It just happens to be true. Senators frequently make astonishing exhibitions of carrying their states when the Presidential nominee of their party is taking a terrible licking.

For example, in 1924, when the crop of senators to come up this fall was facing the public the last time, Calvin Coolidge was playing havoc with Democracy, sweeping the country by a landslide. But Ashurst (Ariz.), Copeland (N. Y.), Dill (Wash.), Kendrick (Wyo.), King (Utah), Pittman (Nev.), Walsh (Mass.), and Wheeler, (Mont.), all were elected as Democrats in that year, although Coolidge carried every one of their states! And Shipstead (Minn.) was elected as a Farmer Laborite although his state also went for Coolidge.

It is with the Senate that Presidents are most likely to have trouble. Roosevelt's two Democratic predecessors since the Civil War, Cleveland and Wilson, both had battles with the Senate, Cleveland over gold and the tariff, and Wilson half a dozen, winding up with the League of Nations.

It may be that Roosevelt will follow in their footsteps, but nothing yet indicates it. On the contrary, he has various little groups of senators who are very strong for him indeed.

The latest is the silver group. After much uncertainty, so much that most of the silver producers thought it was all going to end in talk, the President announces a policy which puts a price on newly mined silver nearly 20¢ more for each ounce. It was better than anything they had really hoped for.

The fact that they were claiming they would be able to put it over anyhow, as soon as Congress convened, makes little difference. Actually they know perfectly well they could not have put it over had Roosevelt vetoed it. They might have mustered the votes in the Senate, but they never could have done it in the House. The silver-producing states have a lot more senators, proportionately, than they have members of the House, most of the silver states being sparsely populated.

As already pointed out in *Business Week* the President so far has the ardent support of the Progressives, led by Senator George W. Norris (Neb.). Hiram Johnson (Calif.) has redeclared his allegiance. The lone wolf, William E. Borah, was talking briskly about inflation, but Idaho is a great silver state, and reports are that the folks out there are just delighted with Roosevelt since this silver move.

Punches to Be Pulled

So it would seem that most of the hard-hitting Progressives will pull their punches for a while. Which really leaves most of the President's problem merely that group of senators—mostly from the Al Smith states but some from others which did not climb aboard the Roosevelt bandwagon at Chicago—who have not been pleased about patronage.

From the White House standpoint, the situation is far more serene than any friend of the President would have dared hope it would be at this time had they been figuring, say, last March.

Silver—A Precious Political Metal

In playing Santa Claus to silver producers—and to 20 Senators—the President seems to be playing politics. Annual value of newly mined silver is less than that of the peanut crop, or some $17 millions.

It is difficult to appraise in terms of economics the silver agitation which culminated in the President's order last week to purchase 24.4 millic ounces of newly-mined domestic silver annually for the next 4 years at 64½¢ an ounce, or 21½¢ above the market price. Silver production in the United States is about 35 million ounces. Figured generously at 50¢ an ounce (the present price is about 44¢) the total value of domestic silver roughly is $17 millions. This is less than one-third the value of our apple crop or two-thirds the value of our grape crop. It is less than the value of our peanut crop.

Open Space Politics

Explanation of the silver agitation must be sought not in the science of economics but in the mystic art of politics as practiced in the open spaces. Silver production is distributed through 10 states which control 20 of 96 senatorial votes, and there may be other states having indirect political connections with silver.

Mr. Roosevelt rests his proclamation on (1) the Thomas amendment passed last May, and on (2) the silver agreement adopted at the World Economic Conference last July.

The silver provisions of the Thomas amendment authorize the President to accept $200 millions in silver for war debt payment at 50¢ an ounce; to fix the weight of the silver dollar at a fixed ratio to the gold dollar; to engage in the unlimited coinage of gold and silver at the ratio so fixed. This, of course, is bimetallism pure and simple, but the question of how far the nation is to be committed to such a policy is left entirely in the hands of Mr. Roosevelt.

At the time these provisions were debated and included in the Thomas amendment, friends of a "sound and adequate" currency hoped that they were included only to appease political silver agitation, and that the President would remember that the silver program has been marked with failure in our monetary history.

The World Economic Conference adopted a resolution which committed the Powers to stop selling silver and debasing their silver currency. In a separate agreement between silver-producing countries and countries hold-

ing large quantities of the metal, China agreed not to sell any silver, India not to sell more than 35 million ounces per annum in the next 4 years, Spain not to sell more than 5 millions. The 5 producing countries (the United States, Australia, Canada, Mexico, and Peru), each agreed to buy their own outputs of silver during the next 4 years. Thus the United States was to take up at least 24.4 million ounces out of the total of 35 million ounces produced by these countries.

50% Seigniorage

In compliance with the terms, the President authorized the United States mints to buy newly-mined domestic silver after Jan. 1, retaining 50% in bullion as a seigniorage, the remaining 50% to be paid out in current forms of money. Since the statutory price of silver is still $1.29 an ounce, this is a way of saying that the government will pay 64½¢.

There is no need of rehearsing here the tedious length to which silver advocates have gone to discuss with eloquence and verbosity the point that silver is not merely a commodity but also needs to be treated from the monetary point of view. In the main, their discussion runs in 2 channels.

One follows the thought that the troubles of silver result, not from overproduction, but from the fact that after the World War, when the market price of silver was well over a dollar an ounce, the harassed treasuries of Great Britain, France, Belgium, and Indo-China discovered a profitable way of raising revenue by debasing and demonetizing their silver coins and selling the bullion. When India went on the gold standard after 1926, she also began to sell silver in order to buy gold for reserve purposes. Altogether, these governments sold 173 million ounces of silver between 1924 and 1930. Hence the price of 24¢ an ounce last March. In the Monetary Conference, silver producers were successful in stopping these sales during the next 4 years, except those by India and Spain which were restricted. The United States, which had never participated in these profitable silver-selling ventures, is the goat as usual, and is to take up the largest share of the surplus silver production.

The Far East Fallacy

However, even government sales do not justify governmental intervention in the commodity, so silver enthusiasts trot out a second favorite argument: that the general buying power of silver countries such as China is seriously impaired when the silver price goes down. If cotton is 10¢ a pound in the United States and silver sells for 60¢ an ounce, as it did in 1929, then 1 ounce of silver can buy 6 pounds of cotton. But when the price of silver goes down to 25¢ an ounce, 1 ounce of silver can only buy 2½ pounds of cotton. Therefore, as the price of silver goes down, the price of cotton in the silver countries goes up. The debacle in many of our raw commodities, including cotton, which affects some 2 million farmers of the South, is conveniently linked with the price of silver. So runs the argument. The only trouble is that it does not work out in practice. China does not pay for our cotton in silver, but in exports of her commodities. In fact, China does not export silver; she consumes silver. The 6-year average of Chinese silver purchases has been almost 86 million ounces annually. Export figures to China and other silver countries, while lower than at the peak, have not dropped nearly as much as exports to other countries that have no connection with silver. Incidentally, China doesn't care much for this paternal interest in her welfare and has been protesting the price-raising scheme.

Putting It in Scale

In itself, the President's proclamation is not important. The annual purchase of $16 millions of silver is considerably less than the weekly purchases of United States government bonds by the Federal Reserve banks. The simultaneous announcement that the RFC has allocated another $25 millions for gold purchases, bringing the total up to $100 millions, shows to what an extent the Administration's other monetary operations dwarf the silver issue. The significance of the proclamation lies in its political repercussions. And these are not yet clear. One group argues that this sop to the silverites will forestall additional mandatory action. A second thinks that it may whet the appetite of the silver lobby and pave the way for demands for a more favorable ratio.

The response of the markets to the silver proclamation was mixed. Because it provides an outlet for practically all domestic silver produced, stocks of silver mines went up sharply. So did the stocks of mines in which silver is a by-product, as is the case with many copper, zinc, and lead mines. The silver market itself remained unresponsive. December option of silver on the commodity exchanges moved from 44.3¢ to 44.6¢ an ounce, which compares with 43.1¢, the close on the previous date. Prices were lower later in the week.

Two Prices Now

To understand this sluggishness, it must be remembered there are now 2 prices for silver, one for newly-mined silver which Uncle Sam buys at 64½¢ an ounce, and the other for the old bullion which must be sold on the market and is subject to supply and demand factors. The President's proclamation

International News

LIVE GHOST TOWN—Dead now, the silver mining centers will be very much alive soon because of the higher price set by the government. This is one of the silver mines of the Anaconda Copper Co. at Butte, Montana.

makes no provision to dispose of the 180 million ounces of silver that is stored up by speculators and hoarders. Because of expected political action on silver, prices have advanced steadily since last March and silver accumulations with them. Now warehoused silver overflows vaults all through the country, running up storage charges. Unless further favorable political action is forthcoming, Wall Street may be looking for a wailing wall.

TVA Merchandising

Plan to finance electric appliance sales in Tennessee Valley looks like a new chapter in relations between government and utilities.

CRITICS of TVA have been doing some heavy thinking since the announcement of David Lilienthal's plan for the development of an electrical power market in the Tennessee Valley (*BW—Dec23'33*).

The greatest need of all the power companies today is to sell electric ranges, water heaters, refrigerators, and other current-consuming appliances to residence customers. The greatest problem is how to do it. After 30 years of plain and fancy merchandising by the electric utilities, only 1 device has come into universal use, only 4 more are used extensively. On Jan. 1, 1933 is was estimated that 98.9% of the wired homes had electric flatirons, while 46.6% had cleaners, 42.2% had toasters, 39.4% had clothes washers, and 30.6% had percolators. Saturation of the other principal appliances stood—refrigerators 21.6%, heaters 17.7%, ranges 9.2%, ironing machines 3.7%.

TVA Director Lilienthal figures that the 7 states of the Tennessee Valley area should supply a 1934 market for 100,000 electric refrigerators, 60,000 electric ranges, and 25,000 electric water heaters.

The existing power companies are co-operating in this program to increase the use of electricity by their 550,000 customers. Manufacturers will provide appliances at a low price, because the Electric Farm and Home Authority assumes the expense of promoting the use of power in the Valley. These appliances will be retailed by dealers and power companies on 4-year contracts, financed with RFC credit at the banks. Power companies will collect the payments with their monthly bills, and the charge for carrying will be cut from the usual 14% to about 7%.

Since the privately owned utilities presumably will have to meet the power rates announced by TVA for residence service, it looks like a most important step in the relations between government and private power.

UNDER SCRUTINY—The Senate Banking and Finance Committee, looking into Detroit banking, was most concerned over the boom-time practice of paying unearned dividends. Around the table, are Senators Townsend and Couzens, former President Lord of the Guardian Trust (taking the oath), Senator Fletcher, and Ferdinand S. Pecora, counsel for the Senate Committee.

Banks Enter New Era

Fortified with billions of new capital, public and private, the country's banks close the books on a year of disaster and reformation and start a new deal.

AMERICAN banking closes its books today on a year of catastrophe, reorganization, and reformation. Cruel and costly as the catastrophe was, it has its compensations, largely because the country is no longer seriously over-banked and the strongest and most serviceable of its institutions have survived. Reorganization finds more than one and two-thirds billion dollars of government money and huge private funds added to capital structure to fortify the institutions which enter the national deposit insurance plan Tuesday. Reformation goes far beyond the requirements of strict legislation and marks a new deal in the whole credit structure.

Beginning Tuesday all deposits of $2,500 or less in member banks of the Federal Deposit Insurance Corp. will be guaranteed until June 30 when a permanent insurance plan goes into effect. More than 13,000 of the 14,500 operating banks in the country have been approved for participation in the plan, and surprisingly few of them will be missing when the dead-line comes. Federal funds will be available to help liquidate quickly those banks that are rejected. For practical purposes this marks the end of one of the most important steps toward recovery, one needlessly delayed and haltingly taken, but decisive in its final results.

The latest account shows the Reconstruction Finance Corp. has purchased preferred stock and capital notes in nearly 3,200 banking institutions at a cost of about $630 millions. In addition, the Corporation has loaned directly about $1,100 millions to banks. This leaves American banking stronger in its asset position and liquidity ratio than ever before, even though the business still be unprofitable and uncertain.

Expedient Just Now

Bankers are still almost unanimous in the opinion that deposit guarantee is dangerous as a long-time policy. They concede, however, that for the time being it will have a salutary effect on public confidence. It is significant that they no longer stress the fact that the device has failed disastrously wherever it has been tried. Their only hope of repealing the scheme, or substituting something better, lies in the voluntary creation of a banking system so sound

that public demand for deposit insurance will have no further justification.

To this end 665 state, district, and local clearing-house associations, working under the bankers' code, have been completing schedules of fair practice which become effective Jan. 1. These will follow in general outline a standard set of principles agreed upon by the American Bankers Association and NRA. In the past bankers have been harder to regiment in their local activities than farmers. Under the code they will be forced to take cooperative action which will result inevitably in safer credit operation, less destructive competition, and greater profits. In this field the government seems to have recognized the fact that corporate profits are essential to safety and service. The work of these local associations covers practically the whole country, but after Jan. 1 every bank will be required to operate either under its local code or under the standard principles of fair practice appended to the major code.

The work of cleaning up frozen banks has been accelerated constantly in recent weeks. At the close of business Dec. 20 there remained but 13 national banks in the United States which were not operating on unrestricted basis or had not had reorganization plans either approved or disapproved. On the same date there remained but 485 national banks unlicensed. Reorganization plans have been approved for 354 of them while the plans of 118 have been rejected.

A Check 3c. Short

The stock-holding public appears to respond heartily to the plan of the government to trade cash for bank partnership. Stockholders of the Continental Illinois National Bank & Trust Co., which was the first of the big banks to sell preferred stock to the government, voted to approve the contract for the sale of $50 millions of preferred. Only 3 odd-lot stockholders voted against the plan. One stockholder insisted upon exercising his pre-emptive right to buy the preferred stock and presented a certified check for $333.30. Although his subscription was 3¢ short of the required amount it was accepted, so the government got but $49,999,666.67 of the preferred stock.

New Consumer Champions

Mrs. Rumsey decides she is too popular, finds out why, and finally sees too vigorous kickers made special consumer advisors to NRA.

ONE of the big problems at NRA has been to balance up its notably hefty Industrial and Labor Advisory Boards with a similar representation from the consumer. It has not been easy, simply because the consumer had been elected from the first as the guy to carry the load. General Johnson early picked as his chairman of the Consumers' Advisory Board, Mrs. Mary Harriman Rumsey, and she has had a succession of charming ladies and high-brow gentlemen on her staff. But the consumer just doesn't get represented; half of her assistants consider themselves a supplementary labor board, on the ground that labor does most of the buying, and the other half have theories.

Meanwhile, over at AAA, Dr. Frederick C. Howe, a grand old Jeffersonian Liberal, who knows monopolies inside out because, as he says, "I have worked for them or fought against them all my life," has been working to get the price of bread down, to keep the dairymen from passing on increased prices to the consumer, and altogether making the food industries very, very angry with him. Mrs. Rumsey has remained popular, and pondering this matter, she decided to do something about it.

So she called a convention, and it was a swell convention. Fifty wise ones came from all over the country. Mrs. Roosevelt had the first session at the White House, and the other sessions were at the ritzy Pan American Union building, where *hoi polloi* get fenced off with silken ropes. It was quite an affair, and the delegates were very frank. They told Mrs. Rumsey what was wrong with the Consumers Advisory Board, and when she asked what she ought to do about it, one long-legged and eloquent professor told her she could "take a position and if it isn't accepted, you can resign." But that was not exactly what they call, around NRA, "constructive criticism."

And Secret Sessions!

The convention held executive sessions, barring Mrs. Rumsey, Dr. Howe, Mrs. Iris Walker of AAA, and Dexter Keezer of NRA (consumers' defenders, all). They also had open meetings, and finally they went to General Johnson and he agreed, in the interest of peace, to have "special advisors" on consumer problems, those chosen being, as he put it later in a press conference, "the fellow who did the most kicking," who was Fred Hoisington of New York, and "some other fellow," who turned out to be F. J. Schlink, the very lively genius who manages the "Consumer's Research" outfit.

Meanwhile, with a serious eye on the future, NRA is looking grimly at the job that the Consumers' Advisory Board is going to have to do, for as General Johnson put it, "I didn't pay much attention to the Consumers' Board because I thought the time had not yet arrived. But I think it has arrived now. Their business is to watch the operation of these codes, to see that there shall not be any extortion under them."

Inventory of Homes

Government's 11,000-man survey in 67 cities will supply its theorists with the real facts on our housing needs.

EVERYBODY's questions about the need of more and better places for Americans to live in will be answered by the vast sweep of the Real Property Inventory which will be under way in the first days of the new year. The monumental report recommending the ways to spend $14 billions in construction which leaked out of NRA (*BW—Dec16'33*) was the first news of it.

The Bureau of Foreign and Domestic Commerce will outline the program. Some 11,000 men and women (or women and men, for two-thirds of the field workers must be women, by the terms of the money grant) will be organized under the Bureau of the Census through its 300 field centers. According to schedule, the colossal job is to be completed in 67 chosen cities by Feb. 15. The sum of $2,560,000 has been earmarked by the CWA, with the provision that 85% is to be spent in the field work, 15% for supervision, planning, study, by the Bureau of Foreign and Domestic Commerce, under its able young statistically minded director, Dr. Willard L. Thorp. The BFDC is welcoming this job with open arms, as part of the vast task of finding just what makes the wheels of American industry and business go 'round which Dr. Thorp set for himself when he came in as director early in the Roosevelt Administration. Linked with it in the plans of the Bureau of the Census will be the $2-million census of distribution under the Bureau of the Census, which will also handle the estimate of office and business property for the inventory.

The work will be directed by a group of men sent out from Washington, but the workers will be "white-collar" unemployed in the towns to be surveyed, the heavy proportion of women to be taken on being due to the difficulty of finding CWA jobs for unemployed women.

The inventory plans to find out and

record 4 types of information, in a house-to-house canvass: (1) number of houses, their occupancy, their density; (2) general data as to the type of structures, condition, age, repairs needed and possible, and those hopeless and fit for the wrecker; (3) improvements, sanitation, heat, gas, electricity, actual and needed; (4) rental or estimated value (to be compared with the figures of the 1929 census). To this last may be added information about mortgages and debts, from the viewpoint of the debtor, all previous information ever gathered on mortgages having come solely from the lender; whether this is feasible will be determined by a study of the Cleveland area, which will start at once.

This information, when tabulated and worked over, will determine statistically whether it is true that the country is filled with hundreds of thousands of houses that should be replaced, what can be done, whether the government should or should not get under the load. The survey will draw a sharp line between slum clearance, which is obvious, and the value, from every viewpoint, of building more single houses and apartments. It will also look into suggestions for the demolition of the great "blighted areas" which encircle American cities.

Construction Gets Its Code

On the foundation supplied by NIRA, the construction industries have built a national organization and national standards. But labor made it a tough job.

WHEN the final draft of the construction code went to the White House this week there drew toward a close one of the bitterest and most dramatic struggles between organized labor and employers that has been fought under the Recovery Act.

Preparations for the battle antedated the final enactment of the NIRA. Leaders in the various branches of the industry who had sponsored the newly formed Construction League of the United States saw in the then evolving recovery program with its more elastic attitude toward industry cooperation their golden opportunity for rapid and far-reaching consolidation of their forces. They began early to lay the groundwork for the program out of which a representative and highly satisfactory master code for the industry was finally evolved.

A Solid Front

Throughout the process they found labor no less determined either to prevent the formulation of a master code or, failing in that, to inject into it such clauses as its leaders considered necessary to making the document a broad charter for organized labor and a genuine insurance policy covering the kind of wages that would meet their demands. Labor's estimate of the importance of this battle was sharpened by the fact that the construction field includes the building trades in which it has achieved its highest degree of penetration, and labor leaders never forgot that the gains in these trades had been made by dealing separately with small groups of employers—state organizations at the largest. The idea of having to deal under the code with closely cooperating national groups of employers didn't sit well with labor men and some of them felt that they had a real object in placing every possible obstacle in the way of industry integration. When all attempts to prevent a master code for a unified industry proved of no avail they made one further but fruitless attempt to drive in a wedge by arguing that the code should differentiate between open and closed construction jobs.

In the form finally signed by General Johnson, the construction code gives labor the protection provided under the mandatory Section 7 (a) of the act, a basic minimum wage of 40¢ an hour, unless lower on July 15, 1929, but not less than 30¢ an hour, a basic maximum 40-hour week and special Boards for each division or subdivision of the industry to investigate and settle complaints. However, it is pointed out that labor also must inevitably receive valuable and lasting benefits from the stabilization of employment expected when some of the far-reaching policy and fair practice provisions of the code begin to show their effect upon the unified industry.

Employers who were in the front-line trenches throughout the 5-month battle, cite several features of the code as little short of revolutionary and expect revolutionary improvements in the activities to which they apply.

Bid Peddling Out

For instance, the code sets up specified standards and procedures for competitive bidding. Definite responsibilities are imposed not only on those submitting bids but upon those who come to any branch of the industry for the purpose of obtaining bids. Bid peddling or bid shopping, one of the worst scourges of the industry (*BW—Sep9'33*), is not merely declared to be an unfair trade practice but absolutely prohibited. To

Business Week

ALARM LAMP—Gamewell, the fire alarm company, puts out the Vitalarm for residential and commercial use. It screws into a light socket, glows to show it's working, sounds off when a fire starts. It has a 4/10 watt Neon glow, a Bakelite moulded case.

prevent continuance of long-established abuses in connection with the requesting of bids and awarding of contracts, the various divisions and subdivisions of the industry are given the right to prohibit the submission of bids unless the awarding authority agrees to comply with the regulations of the code. Furthermore, the divisional code authorities are given the right to provide a satisfactory method for checking bids.

"Small" Jobs Included

Much good is expected from the code provisions which, for the first time in the history of the industry, will make possible some record and control of the so-called "small" jobs, including house building, which involve expenditures of as low as $2,000. All such jobs are to be registered under rules to be established by the code authority, even if they are taken under a subcontract. The registration fee—set at a minimum of $2—will go toward paying the expenses of code administration.

The fact that the final draft left these small building operations under the blanket of the code marked an impor-

tant victory for the cooperative forces, who had fought to the last ditch for their retention.

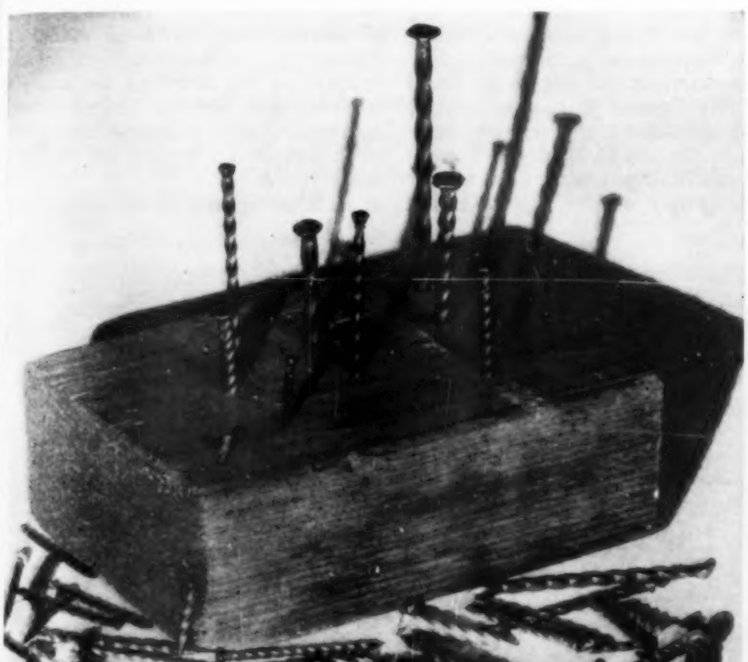
Leaders in all branches of the industry find the final code well worth the countless conferences, meetings, hearings, the thousands of miles of travel necessary to get it through. They take particular pride in the fact that there is nothing in it in the way of profit insurance, price-fixing or production control; that it is just a comprehensive set of regulations under which an important industry intends to integrate itself and work co-operatively toward the elimination of destructive practices and the development of better working conditions for all concerned. And they are hopeful that the fact that all the important organizations in the field are sponsors of the code means the end of crooked and cut-throat competition.

Sponsors of the construction code were: Construction League of the United States, American Institute of Architects, American Society of Civil Engineers, Associated General Contractors of America, International Society of Master Painters and Decorators, Inc., National Association of Marble Dealers, Heating, Piping and Air Conditioning-Contractors National Association, Cement-Gun Contractors Association, National Building Granite Quarries Association, Contracting Plasterers International Association, Tile and Mantel Contractors Association of America, National Association of Master Plumbers of the U. S., National Elevator Manufacturers Industry, Roofing and Sheet Metal Industries Conference, Mason Contractors Association of the U. S. and Canada, American Road Builders Association, National Association of Metal Furring and Lathing Contractors, Asbestos Contractors National Association, National Association of Building Trades Employers, National Association of Builders Exchanges, American Construction Council.

Industry's Advisors

Business, like labor, will now draw from pool of experts in presenting codes to NRA.

INDUSTRIES are to be brought into closer relations with other industries, competition between industries is to be discussed and clarified, and in many ways a new orientation of business sought under the NIRA by the new plans of the Industrial Advisory Board which go into effect the first of the year.



Business Week

SCREW NAILS—Called "the most radical change in nails since cut nails gave way to wire nails in the '80's," this new design by the Hillwood Manufacturing Co., Cleveland, turns as it drives, makes a square hole. Unlike drive-screws, which are short because made of soft stock to permit rolling on the threads, the screw-nails are made in all sizes and types, of square stock twisted to make the thread. Their use permits smaller nails, lighter construction.

The industrial advisors, heretofore drawn from the industries themselves for the public hearings on codes, will now all come from a pool of a dozen capable and prominent business men, of the type which have made up the so-called "resident advisors" (*BW—Oct 21'33*) who have heretofore guided the representatives of industry in the preliminary hearings only. This change is based on the lessons learned in the past 6 months, and on realization that the code committee of the industry can adequately represent it in the hearings, but that experience with NRA and a broader view of the inter-action of industries can be of great value at code hearings.

Inter-Industry Rivalries

The issue of competition between industries has been growing in importance, and the code authorities, increasing steadily in power and importance within their own industries, have given some elements in Washington a feeling that the era of competition may not yet be over, even under NRA, but merely transferred with some intensity to inter-industry relations. Many of the codes which sell to the same markets (as fuel oil and coal) have been seeking ways to keep the competitive industry from undercutting. The problem has ramifications into the whole field, and so far there has been no means of hearing these issues, except those furnished by the hasty efforts of officials of NRA itself. The criticism, and the feeling in the Industrial Advisory Board that here is a real job for industry to do, has had a large part in determining the new approach on the board's part.

An additional factor is the policy of the Labor Advisory Board, whose advisors at hearings are, in a majority of cases, people who have been long in Washington, know the NRA setup, present the labor side with a skill and understanding of the situation that, in the hearing, the industrial advisor, just in from his industry, is poorly equipped to meet.

A New Secretary

The new plan is under the direct supervision of the new secretary of the board, C. L. Heyniger, who has succeeded Edward R. Stettinius, Jr., just retired to become assistant chairman of the finance committee of U. S. Steel. He has been in industry and automobiles, and the assistant secretary, Sullivan Jones, is a former New York state architect, who has been the industrial advisor on the construction and other codes.

The Industrial Advisory Board is now functioning as a rotating body. The busy months when Walter C. Teagle, of Standard Oil of New Jersey, spent days and nights here working for industry before NRA, passed a month ago into a quiet era, when Louis E. Kirstein of Boston (associated with Mr. Teagle

from the first) became chairman, with a rotating body, and more recently into a new period with Pierre S. duPont as chairman. The work, under these two, has become more standardized, the last move being part of this plan.

Power Code

Public power plants won't be forced into utilities' code but where they don't come in private plants can stay out.

WASHINGTON has released the code submitted by the electric power industry, considerably damped down. The power men went to NRA demanding that all municipal and federal operations be under the same restrictions as the privately owned companies. But when the suggested rules came through the wringer, they called for a Code Authority including members to represent municipal, state or federal power authorities that "shall have subscribed to this code" and provided that where a privately owned company shall be "subjected to competition by a plant or enterprise which is not conforming to this code," it may be exempted from the code. But the municipal plant is not to be forced in.

The power industry gains a point against the opponent of power company merchandising, however. The code says that "it is the duty of the industry to promote the use of electric service in the public interest and to that end electrical appliances should be promoted, sold or otherwise made available to customers. Leasing or sale of appliances shall be conducted under the retail code."

A constructive recommendation to the code authority calls for the establishment of a Coordination Committee consisting of representatives of both privately and publicly owned properties to "investigate and report upon the power resources and requirements of the United States and project a 10-year plan for the efficient and economic utilization of such resources in the interest of all the people." This will throw a noose around the politician who wants some new power project in his section, without relation to either the power resources or needs of the country as a whole.

Public hearings on the power code will begin on Jan. 11. The natural and artificial gas codes are now in the works and will follow soon. The telegraph code awaits action upon the proposed consolidation of the Postal and Western Union systems (*BW—Dec23'33*). The telephone code is hung up over the question of whether A.T.&T. should be permitted to have its own version, with another for the 8,000 independent companies.

Codes, Hearings

NRA gives cleaners a cut, lists new hearings, spins some red tape.

NRA has been holding its place in the news despite all the distractions of the holiday weeks. The rehearing of the cleaning and dyeing code furnished its expected quota of excitement. The cash-and-carry faction won to the extent of getting General Johnson to agree to a 20% reduction from the prices established in this one of NRA's 3 efforts at direct price-fixing. But the General gave up grudgingly on the argument that there was some demand for "scamped" cleaning work (which his petitioners didn't like at all), said the original prices were "reasonable and fair for the quality of work which the public has a right to expect," and designed a specially fancy Blue Eagle for shops that stuck with him to the higher prices.

Machinery High Spots

The hearing on 40 codes of the machinery and allied industries provided two high spots. John J. O'Leary, president of the Machinery and Allied Products Institute, asked that reference to the Institute be cut out of codes of member industries on the ground that criticism of his organization was clouding the main issue—the importance of setting up uniform wage, hour, and working conditions in these industries, since several of them are often carried on in a single shop. John P. Frey, secretary of the metal trades department of the A. F. of L., quoting Department of Labor statistics to show that the proportion of gross earnings allotted to wages was larger in 1927 than in 1929, made the point that, considering the wide purchasing power of capital goods workers, "you don't have to go much further to find one reason for the depression."

Boaz W. Long, deputy administrator for Puerto Rico, left last week for his post with a warning that he faces complications there. For instance, the job of administering NIRA so as not to destroy the French-embroidered lingerie industry of the island or the machine lace business in the United States. Meanwhile, the Attorney-General has ruled that the Philippines do not come under NIRA.

At Washington they are talking over

Wide World

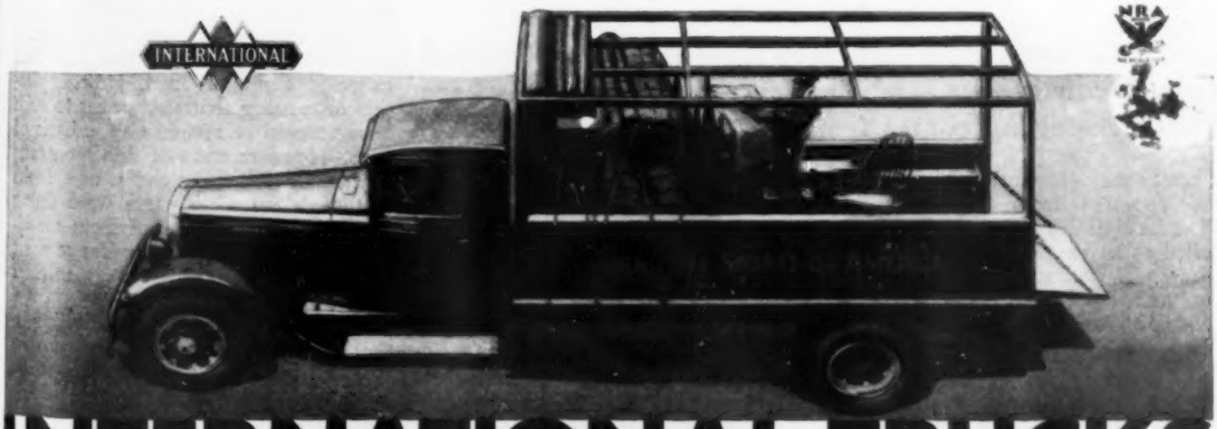
BUSINESS IN WASHINGTON—The NRA Industrial Advisory Board, as now constituted, sits for its portrait. Above, left to right, are Ralph E. Flanders (Jones & Lamson Machine Co.), Lincoln Filene (Filene's, Boston), Alfred P. Sloan, Jr. (General Motors), Clay Williams (R. J. Reynolds, "Camels"), Thomas H. McInnerney (National Dairy Products), Morris E. Leeds (Leeds & Northrup). Seated, Robert Lund (Lambert Pharmacal, "Listerine"), Pierre S. duPont, Myron Taylor (U. S. Steel), Henry I. Harriman (U. S. Chamber of Commerce). The picture will change as NRA's rotation scheme brings in new men.

The Home
AGAIN COMES INTO ITS OWN

AMERICA is alive with the new spirit and looking toward renovation of its firesides. Trying times have brought families and friends together again and made it smart to entertain at home. ¶ New furniture and house furnishings are again coming into demand — and selling at such reasonable prices that to miss these bargains may be the regret of a lifetime. ¶ International Trucks are used so extensively in the furniture and house furnishings business that International Harvester may justly claim a share of the credit in making such low prices possible. For delivery is an immensely vital factor in the cost of furniture. House furnishings and furniture are bulky. Every trip of a truck must be made at the lowest possible cost. ¶ This preference of the furniture trade for International Trucks should interest business men in all other lines — for regardless of the kind of hauling your business requires, there is an International Truck model that will do that particular job at less expense. Low in first cost — and lower in operating costs — International Trucks have performed so brilliantly in all lines of business that today International Harvester is a leader in this great industry. ¶ International chassis prices range from $360 up, f. o. b. factory. Sizes from ½-ton to 7½-ton. ¶ Visit the International branch or dealer near you — see these remarkable motor truck values — and arrange for a demonstration on your own job.

INTERNATIONAL HARVESTER COMPANY
OF AMERICA
(INCORPORATED)
606 S. Michigan Ave. Chicago, Illinois

INTERNATIONAL



INTERNATIONAL TRUCKS

Acme

THOSE HIGH-COST MINES—Hard-coal operators and union leaders struggle with the problem of the high-cost mines. Operators say they can't run them under code provisions in the face of competing fuels. Union men point to the dead towns, the distress due to closed mines. Meanwhile the anthracite code continues unsettled. Left to right, Thomas Kennedy, secretary-treasurer; Martin Brennan, district president; John L. Lewis, president, United Mine Workers.

a new NRA rule. Complaints coming to deputies as to difficulties under codes are to be routed hereafter, not directly from the deputy to General Johnson for final decision, but to a complaint committee made up of the two assistant administrators, Col. Robert W. Lea for industry, and Edward F. McGrady for labor, and Alvin Brown, executive officer for NRA. This group, presumably more detached from industry than the deputies who have been struggling with the codes, and its recommendations, will form the basis for the firm stand that General Johnson must take in issues of this sort.

It is now expected that all codes will be through by late March, and many deputies will have cleaned their slates before that. While most of the deputies will remain to handle the new code problems which will arise with full application, quite a few changes are promised in the list. The first break in the high command, the retirement of General C. C. Williams and the promotion of various assistant deputies to full deputy rank are indicative of coming changes, both in retirement and in increase in the Washington staff.

Hearings on next week's shortened schedule include: Jan. 2—wholesale monuments (granite and marble separately), fuller's earth producing and marketing, industrial safety equipment; Jan. 3—lumber and timber products (amendment), men's clothing (amendment), theatrical poster exchange service, sandstone, natural gas, cold storage door manufacturing; Jan. 4—electrical (modification), clay drain tile manufacturing, furniture and floor wax and polish, rug chemical processing, throwing (modification); Jan. 5—car advertising trade, underwear and allied products (modification).

Open Price, Open Secret

Under the open-price section of their code, the electrical manufacturers—and wholesalers—are learning where the price-cutting comes from.

When the electrical manufacturers' code appeared among the first handful of codes signed by the President it was hailed as an example that other industries could well afford to follow. Accordingly, other industries have been interested to learn from a recent check-up that, on the whole, the electrical manufacturers are happy about the results of their first few months of experience with the actual operation of the code.

However, other industries are also going to be interested in the less expected and less pleasant news about the disturbing revelations of its back-firing open-price program.

When the electrical code was held up as a model it was partly because of the inclusion of this so-called "open-price plan." Under the guidance of group associations, some branches of the industry have been using that plan, more or less, for years. With the enactment of the recovery program and the appearance of President Roosevelt's famous Bulletin No. 1 emphasizing relaxation of the anti-trust laws, many members urged that the whole industry embrace the opportunity to expand its use. The National Electrical Manufacturers Association wrote into the code a manual on open-price operation that received government approval and attracted wide attention. Results now coming to light show that in one sense, the open-price plan has been highly effective. Which is where the trouble begins.

"Mystery" Prices

Old-timers in the electrical industry follow a tradition that, aside from motors, apparatus, transmission, power house and heavy equipment, all electrical supplies are sold through wholesalers who, of course, receive the manufacturers' best prices. So, in recent years, as the variety chains have jumped into the selling of electrical supplies, wiring devices, wire, cable, and lamps, wholesalers have been wondering how they could quote such surprisingly low prices. The perplexity—and the strain on established dealer relations—increased as the mail order stores got into the game with prices that were often below wholesale costs. And, since few of the electrical items handled by these newcomers carried well-known or identifiable trademarks, there was little that could be done about confirming the wholesalers' suspicions.

Now, thanks to Mr. Roosevelt's recovery program, the code idea and the open-price plan, the answer is easy. Wholesalers who have been sitting up nights trying to figure out ways of meeting the new competition are learning from the open-price sheets that the chains and mail order houses have been getting quotations from some manufacturers that range up to 50% better than they have been called upon to pay. "Wholesale prices" had ceased to mean very much.

Still Recalcitrant

Since the news came out old-line manufacturers who had religiously supported the wholesalers through thick and thin have been busily talking costs with the recalcitrants, urging cancellation or revision of contracts with mass buyers. For a time they thought that they had extracted a promise that, after expiration of existing contracts, prices to such buyers would be revised on the basis of costs. However, most of these contracts expired in November and it now looks as though the recalcitrants were doing nothing after all. Some of them are already out after more big orders at what the rest of the industry calls suicidal prices.

So complaints are said to be piling in the NEMA offices and insiders predict that the electrical manufacturers' code is in for a revision that will equip it with ironclad rules, a brand-new set of teeth and a nice list of penalties for offenders.

This Business Year

In the year 1933, a good many companies had to hang their sales charts sideways to keep up appearances. But some refused to sit and pray for better times. They opened the door and peppered that big, bad wolf with shots of astute merchandising and advertising.

For example:
The Ralston Purina Company can't complain about "this younger generation". Since the new Ralston campaign started, the youth of America has been eating 236% as much Ralston as they ate in 1932. In the last 12 weeks of the year the mailman brought 542,824 box-tops, in response to the Tom Mix radio program and comic page advertisements. Each represented a 25c. purchase. Ralston's "Madame Sylvia" broadcast for Ry-Krisp, the whole-rye wafer, has gone over big with the ladies-who-would-be-slim. Both Ralston plants are working 24 hours daily, and are behind on orders.

New markets department: Synthetic Plastics Company, subsidiary of American Cyanamid, added $4,000,000 of non-competitive *new* molding business for Beetle molding powder in 1933. Developing new uses for its product, and telling the world about them through advertising did the trick.

Mary Lee Taylor is *one* food broadcaster who tries her own recipes. Twice each week she goes on the air for Pet Milk, *direct from the Gardner experimental kitchen.* She not only gives unusual, though practical recipes, *but actually prepares them during the broadcast!* Tasted and approved by the Gardner staff, these dishes are going over with listeners, too. Sales are up for 1933, dividends are earned and paid.

The railroads are going on the aluminum standard. Back in 1930, an ALCOA Aluminum advertisement predicted that "One of these days you will ride on an Aluminum Train." Subsequent advertising has been telling railroad men how these light, strong alloys can cut tons of dead weight from rolling stock, yet *increase* structural safety. This year Union Pacific leads the parade with one streamlined aluminum train already completed, and four more ordered. Pullman has built two all-aluminum sleepers. The Clark Autotram, the B.M.T. Aluminum elevated train, are others in the fast growing list. In the automotive field, aluminum pistons and cylinder heads have been adopted by the leaders. Architecture, brewery equipment, packaging, furniture, truck bodies, construction equipment and a host of other fields are becoming aluminum-conscious. Aluminum is used even to print ALCOA'S advertising—a "natural" if ever there was one!

Speaking of railroads, there actually *was* a railroad "success story" in 1933. Louisville & Nashville introduced its 2c. a mile, no-Pullman-surcharge rate through aggressive advertising. Passenger traffic picked up so well that the 6-month trial period has been extended to a year, and all the Western roads have taken up the plan.

How would you have liked the assignment of writing investment messages to America's bankers once a month for the past three years? That's been the Gardner job in advertising Moody's Investors Service. Said Moody's advertising director last week: "I've been going over our advertising files for the past three years, and the interesting thing about them is that we haven't one skeleton in our closet." When you realize how many financial leaders have had to eat their words, this becomes quite significant. Incidentally, this advertising has been bringing very gratifying returns.

This year one company found how to take that handwriting *off* the wall. The Imperial Paper & Color Corporation has developed a new washable wallpaper that's *really washable,* that comes in as soft a finish and as delicate a pastel as friend wife could ask. That's something unique—and so, too, is Imperial's advertising. Each advertisement offers to have Jean McLain, Imperial's decorative expert, select correct patterns for each room the reader describes in the coupon. The coupons are routed to the local distributors for follow-ups. The washable line, introduced to the trade last Summer, has already resulted in a gain of several million rolls over the like advance sales period of 1932.

And now a tale with a golden lining. Several years ago, Gardner and its client, Stokely Bros. & Company, put an additional "trademark" *inside* the can. Stokely's advertising has taught America to know and like the good foods in the golden-lacquer-lined cans. From a private brand business, Stokely rose to national distribution. Last year it climaxed that rise with the purchase of the Van Camp business of Indianapolis.

Buster Brown has been gone from the comic pages for two generations—yet his name is still a household word. The Brown Shoe Company's advertising has kept that name alive—has made it sell countless pairs of shoes throughout the depression. In 1933 sales were well above 1932; earnings were substantially more than dividend requirements. Now, in 1934, Buster Brown is coming back to bat for Brown Shoes in comic strip advertising!

Thus ends an account of our "stewardship" of some of our client's advertising funds in the year 1933. It is gratifying to feel that we have helped in some degree to paint these bright spots on an otherwise-drab business picture. Behind each of these stories was an advertising or merchandising idea. Not a "bright idea"—but one that came from the product itself, that resulted from sound planning, straight thinking and plenty of shirt-sleeve work. If our work in 1933 was resultful, it's because we gave our best to the smallest trade paper advertisement as well as to each Saturday Evening Post page.

To those who don't know the Gardner Advertising Company, we'll say that we're an agency large enough to offer complete service and a widely varied experience; small enough to give each client the personal attention of a principal . . . an agency that has never been stagestruck when presented with a large account, nor uninterested when offered a small one.

Gardner Advertising Company

New York	St. Louis	Louisville
330 W. 42nd St.	1627 Locust St.	Starks Bldg.

Serving, among others, the following clients:

Aluminum Company of America	Brown Shoe Co.
Aluminum Cooking Utensil Co., The	Falstaff Brewing Corp.
Aluminum Seal Co.	Frisco Lines
American Cyanamid & Chemical Corp.	Pet Milk Co.
Central R.R. Co. of New Jersey	Purina Mills
Certain-teed Products Corp.	Ralston Purina Co.
Imperial Paper and Color Corp.	Steelcote Manufacturing Co.
McGraw-Hill Pub. Co., Inc.	Stokely Bros. & Co.
Moody's Investors Service, Inc.	Louisville & Nashville R.R. Co.

Botsford, Constantine & Gardner

Portland San Francisco Seattle

Leading clients:

Jantzen Knitting Mills	Safeway Stores, Inc.
Tillamook County Creamery Assoc.	Sego Milk Products Co.
Folger's Coffee Co.	Shredded Wheat Bakeries (Pacific Coast Div.)
National Biscuit Co. (Pacific Coast Div.)	Western States Grocery Co.
Philco Radio & Television Corp.	

(Advertisement)

Motors, Management, and Labor

The automobile code provided an incentive for closer contact between management and workers.

DETROIT itself was somewhat surprised by the ease with which the automobile code was renewed. No great howls from labor; no NRA noise about the "merit clause" deleted from other codes (*BW—Dec26'33*). Just a quiet extension "as is."

Admittedly the motor car industry needed a code perhaps less than any other industry. It never had tolerated sweatshop conditions or child labor. It had done a pretty good job of spreading employment during the depression. It had increased wages before codes were thought of. It desired no price-setting, no government control of competition.

What Was Needed

But the industry now knows that what it needed—and what the code was an incentive to provide—was closer contact between the management and the worker. The speedy establishment of this contact accounts, in some measure, for the better feeling on the factory floor and the quiet acceptance of the code extension.

General Motors took the lead in setting up the Chevrolet Employees' Association and Works Council to cooperate with the Chevrolet management on hours of labor, wage rates, working conditions, safety and accident prevention, promotion of health, welfare of employees, efficiency and economy of operation, and "other matters affecting employees' interests."

Similar employees' organizations were created in other GM divisions. To these organizations employees possessing executive powers in any form, or on a salary basis, are ineligible. They are limited solely to wage earners. Each member is eligible for election as an employee representative to the works council, to vote for employee representatives, to make complaints to the council, to participate in the benefits of GM group insurance and savings plans.

The works council has one representative for every 300 employees, but not fewer than 5 in a plant. Secret balloting at the annual election is controlled by a committee of association employees appointed by the council. The chief qualification is that any council member shall have been with the company at least a year. Meetings of the council are held monthly or oftener upon request of the council or company, employee representatives being paid at their regular earned rate for all time spent in attending council sessions. The company furnishes at its expense a stenographic assistant for the council, is represented at council meetings only when requested.

Each Chevrolet plant has its association and works council. To treat matters affecting all plants, a general works council committee was created, consisting of the chairmen of all the individual works councils.

In October, Walter P. Chrysler went GM one better, not only created a plan of employee representation in his plants, but asked his employees to vote on whether they wanted it. The result: more than 28,000 out of 31,000 voted "Yes." The plan was not a company union, but a method of giving employees a voice with management on wages and working conditions.

Chrysler's Joint Councils

A joint council was set up in each plant with an equal number of employee and management representatives to handle rates of pay, shop rules, working conditions, safety, hours of labor, plant sanitation, employees' transportation and recreation.

At council meetings employees' and management representatives have equal voting power; two-thirds vote is necessary to reach a decision. If employees and management cannot agree by the third meeting, the matter is referred to the operating vice-president of the plant, who within 10 days must propose a settlement or refer the question to arbitration. In the latter case, an employee representative meets with the vice-president, and the 2 select a disinterested arbitrator. If they cannot agree, each selects an arbitrator. If the 2 arbitrators agree, the decision is final. If they differ, they select a third arbitrator and a majority decision then rules.

Every employee on the payroll at the time of the annual election is eligible to vote. Any employee on the payroll one year, who is 21 years of age and a citizen, is qualified to be elected a representative to the council. Meetings are held weekly during regular working hours.

Other companies at Detroit have put into effect a program of employee representation, among them Hudson Motor and Kelvinator.

They Are Getting Acquainted

The upshot of all this is not that the big automobile companies, irreconcilably opposed to unionization, are merely making pretty gestures to their workers to pacify them for the moment. The results, just now beginning to show, go far deeper than that. Presidents and general managers, sitting around the table with their employees, have discovered that their men are not wild-eyed radicals who want to confiscate the company's ownership. The

Business Week

ALL-NIGHT LAMPS—No brighter than moonlight, these night lights developed by General Electric consume only 3 watts, plug directly into outlets.


Remington

men, on the other hand, have found that the highest executives are just as human as they are.

Said William S. Knudsen, GM's executive vice-president, "I feel it is a healthy thing for American industry to have labor as a group thinking constructively from the standpoint of improving conditions. Out of this will come a relationship between management and labor based upon a mutual understanding of each other's problems, in contrast to a policy of conflict of interest."

Benefits Coming Out

Tangible benefits are coming out of the meetings of works councils. Group rates of pay which have got out of line with other groups because of changed practices and new processes have been adjusted. One large corporation, at request of employees, has changed pay days from semi-monthly to every other Saturday, even though it means added accounting expense. Working conditions inside factories have been improved, mostly on suggestions from employees. Many matters which already have been settled seem minor, but these small irritations make the worker feel he has a serious grievance, impair his efficiency, warp his judgment of management in more important matters.

Now that the big bosses are interesting themselves personally in what their employees do and think, they are discovering that many of the things which are being done at their workers' request could and should have been done a long time ago. Management has been indifferent, hasn't bothered to find out what was going on down the line.. It knows now that many of the grievances could have been remedied, even prevented, by sympathetic, understanding treatment by foremen and superintendents, it intends to see that this situation is permanently corrected by proper education of minor operating executives.

Just a Toehold

Meanwhile the A. F. of L., which organized right and left during the first months of NRA, has not been doing so well. There are several reasons: (1) The tool and die strike was a defeat for labor; (2) the A. F. of L. has secured little for its members, whereas workers in plants in which works councils and employee representation are functioning have gained tangible benefits; (3) management generally in automobile factories is taking a different attitude toward workers.

The threat of a production peak strike still exists, but such an eventuality is far less likely than it seemed even a few weeks ago. Management and labor are on more amiable terms, promise to strengthen their bonds. The A. F. of L. has a toe-hold in Detroit, but never has secured a firm grip. It will do well to retain its toe-hold.

Crown Prince of Steel

Stettinius began leading and organizing men in college and has gone fast in the 9 years since.

HE is the new crown prince of steel, is Edward R. Stettinius, Jr. Vice-chairmanship of the finance committee of U. S. Steel Corporation is one of those jobs that hide their significance under a name, for there is only one committee in Big Steel. The finance committee does the work of the executive committee of most corporations, as well as its designated job, handles industrial relations and a few other things besides. Its vice-chairman is recognized as the fourth man in the company. Myron Taylor came through that committee chairmanship, as have a line of other chiefs of the corporation.

"Ed" Stettinius fits the role of "crown prince." Big, handsome, gray at 33, with twinkling eyes and a ready smile, he is afraid of nothing, not even the press. He is "Ed" and you are "Bill" the minute (and the sooner the better) that he has decided that you "belong," —and he finds the place where you "click" with an uncanny wisdom that is part of the equipment of heirs to thrones.

A Record of Presidencies

It is perhaps not uncharacteristic that he still writes his name with a "junior" after it, although his father is now dead. That father, who came out of St. Louis to become a Morgan partner, was one of those who devoted themselves to the firm's war financing and industrial work. The elder Stettinius, formerly an assistant Secretary of War, married Miss Judith Carrington of Richmond, and both their sons followed a Carrington tradition by going to the University of Virginia. There, "Ed" Stettinius took an early leadership. Not in his scholastic marks, perhaps, for his old teachers there do not emphasize the point, but as president of his graduating class and chief of the four class presidents of the four "colleges," president of the Y.M.C.A. and, most significant, head of that student honor system which is one of the traditions at Charlottesville.

Young Stettinius, in moving over to U. S. Steel, is taking what is virtually only his second job. He has been working for General Motors ever since he graduated in 1924. He started, by his own choice and with no assurance of quick promotion, as a mechanic's helper in the Hyatt Roller Bearing Co. He ran machines, fixed them, got to know the men he worked with. Then he was put in charge of the employment office and employee relations. Next step, assistant to J. L. Pratt, vice-president in charge of the accessories divisions, in 1926. Mr. Pratt had pulled him up from his job in the Hyatt plant, which was in Mr. Pratt's division. Next, 1930, assistant to the president, A. P. Sloan, Jr., and in May, 1931, a vice-president.

The vice-presidency is one of 20, in GM, but Stettinius got under the load of industrial relations and public relations, and acquired a collection of miscellaneous jobs of the sort ambitious men dream of having, in their training period, but so seldom achieve. Administration, finance, the problems of the boys in the shops—and with the boys of the press and the advertising department—he had tastes of them all, sometimes the whole load. And behind that brilliant, friendly smile nobody knew—or knows—whether he thinks that golden opportunities are showered on everybody, or just on the favorites of the gods who take it all in their stride.

Loaned to NRA

Aviation was a pet of Stettinius, at GM—and GM now has aviation company affiliates. Social service was another, so that when Walter C. Teagle took on the chairmanship of the national Share-the-Work movement in New York in 1932, "Ed" Stettinius, as the contribution of General Motors and to his own great satisfaction, was put in active charge. The next step, still a loan from General Motors, was to go to Washington in June, to stand with Mr. Teagle in the organization of the Industrial Advisory Board of the NRA.

Those were days of intense enthusiasm and endless work. Organizers were at a premium. Stettinius was named "liaison officer" between the Industrial Advisory Board and the NRA, also secretary of the board and one of the "big four," with Mr. Teagle, Gerard Swope, and Louis E. Kirstein.

Organized Industry Group

The work of organization which he did in Washington was perhaps the most directly effective job done there by industry, on a broad scale, for its own salvation under the NRA codes. Stettinius gathered the cream of every industry into a now overflowing filing system, and from these names selected the industrial advisors who sat beside the deputies during the hearings of the 385 codes that were put through in his 6 months in Washington. He devised the plan to have resident advisors to see that industry got a fair and understanding hearing from the very beginning of preliminary discussions, not merely in the public hearings where the special advisors sat, the plan that has now been elaborated to provide a permanent board of able industrialists for all hearings.

And then, in late December, he left

a shop functioning on its own machinery, with the successor he had picked from the resident group he had gathered, C. L. Heyniger, taking over without a hitch—a tribute, in his work in Washington, to Stettinius's easy genius for organization.

Stettinius has disappeared into the South for a deserved vacation, will return in late March to New York, to take over his new post on April 1. Meanwhile, he will be elected as a member of the finance committee, of which he was not a member when he was chosen. He will be the youngest member of the finance committee, is obviously destined to succeed shortly to the chairmanship, when William J. Filbert retires under the compulsory pension plan adopted by the Steel Corporation in 1931. Then there will remain but two steps above him to the chairmanship—with the pension plan working inexorably for his rapid advancement, for at 33 he is the symbol of the new young optimistic blood which Myron C. Taylor is seeking to pump into the life of Big Steel.

Milky Way Out

Chicago's milk agreement is first of many to fall. Wallace will try new plan.

CHICAGO has turned in its milk marketing agreement, and other "milk shed" agreements (about 100 in number) will follow suit, for the job at AAA is being revised, and the whole approach is to be changed (*BW—Dec23 '33*), with production control as the basis of action.

The plan now is to place a processing tax on fluid milk, probably 4¢ a hundredweight, to be collected at the point of first processing and not to be passed on to the consumer. Secretary Wallace hopes to collect from the milk dealers about $30 millions a year with which to compensate farmers for reduced production, whether by slaughter of cattle or other means. Under the marketing agreement, increased prices boosted the production of milk by 25% in a few months, reduced consumption, and flooded the market with butter made from milk that couldn't get into the fluid trade. As one AAA official put it, "We raised the price on one-third of the milk, cut it drastically on the other two-thirds."

With prospects of a price war facing them when the milk trade agreement is nullified, the "Big Four" dairies in Chicago are working toward reducing distributing costs in order that they may cope with the lower prices which the independent and cash-and-carry will quote. But their first effort has not proved promising. This week the Chicago milk drivers' union unanimously rejected a proposed wage cut of $10 a week. And this union—6,800 members, about one-fourth out of work—is nothing to monkey with.

Super-markets

Jersey City finds way to limit freedom of the price-wrecking press.

THE New Jersey Supreme Court has sustained the Second Criminal Court of Jersey City, N. J., in its conviction of 2 persons for distributing circulars and magazines from door to door, and super-market operators are wondering where that will leave them.

Singularly, the ordinance under which the original convictions were obtained is not new. But its Section II, directed against delivery of circulars, advertising matter, etc., unless specifically ordered, remained somewhat of a dead letter until mass merchandisers began to employ that method extensively and with good success to call householders' attention to their bargains. Then long-established local merchants began to look around for some means to stop the invasion, and found Section II made to order.

Whether officially admitted or not, these proceedings may mark the beginning of an important change in the super-markets' development of the art of price-wrecking.

Numerous attempts have been made to curb their activities (*BW—Mar8'33*). In New Jersey, where the opening of the "Big Bear" near the Newark-Elizabeth boundary in December, 1932, started a wave of super-market openings that extended into practically every important city, police, municipal, and state powers have been at one time or other drawn into the fight. Parking restrictions were attempted in super-market neighborhoods. Licensing laws were sought in vain. One of the most effective weapons employed by the independents and chains was to deprive super-markets of the unrestricted use of newspaper advertising. Some of the super-markets then resorted to the publishing of their own "newspaper" and arranged for door-to-door mass distribution, some printing as many as 100,000 copies of weekly issues. Jersey City has now found a way to handle these, and other communities are beginning to take notice.

Meanwhile, the retail food code promises to restrict loss-leadering and cut-price selling in a way that will do the super-markets no good. Old-line competitors are hopeful that restrictions like these will eventually turn them into popular-price department stores without the price-wrecking features that started all the shooting.

Globe

BUTTER PRICE BREAK—Secretary Wallace finds the milk producers on his hands (and neck) after halting government support of the butter and cheese market, addresses farm organization men called to Washington to talk things over.

Wide Reading

SCRAP THE NRA! John T. Flynn. *Forum*, January. It is a swing to the right. Labor will not indefinitely submit tamely to its rule. Public works should be pushed far more vigorously. In place of the NRA an economic council should plan our society.

WHO BUYS THE INSURANCE IN YOUR COMPANY? *System and Business Management*, December. How many and what executives are responsible for the placing of company insurance? Companies in 17 cities answered this for *System*.

THE WAR ON DISTRESS. Harry L. Hopkins, *Today*, Dec. 16. The man who is administering the Civil Works Plan tells how it works.

KELLOGG'S SECURITY PLAN. *Factory Management and Maintenance*, December. Kellogg adopted the 6-hour day in 1930. Now this aggressive company has an advanced plan of life, sickness, and old age insurance.

CHICAGO ART: OLD MASTERS. *Fortune*, December. Chicago aggressively collected famed paintings to augment the Art Institute's already fine collection, attracted as many as 50,000 visitors a day during the Century of Progress. *Fortune*, also aggressive, is reproducing many of the masterpieces in color beginning in the December issue. Printers, layout men, and advertisers will want to make note of this public interest.

CHANGING OUTLOOK FOR SOVIET OIL INDUSTRY. *World Petroleum*, December. Some recent changes in Soviet export policy. Soviet purchases in the U. S. will consist of oil and rail equipment.

BOOKS

CURRENT MONETARY ISSUES. Leo Pasvolsky. Brookings Institution, Washington, 192 pp., $1.50. Discussion of the monetary issues which faced the World Economic Conference at London, and of the policies which have been followed by the principal nations since the conference, with suggestions of what results can be expected in this country and abroad. Concise and non-technical answers to many of the most puzzling questions concerning money.

THE RATIONALIZATION MOVEMENT IN GERMAN INDUSTRY. Robert A. Brady. University of California Press, 466 pp., $5. Thorough study of the character and effects of industrial rationalization in Germany, where the rationalization movement has gone farther than in any other country. For the executive who wants to know more about economic planning which the "Brain Trust" advocates for this country.

ADVERTISING AGENCY COMPENSATION. James W. Young. University of Chicago Press, 186 pp., $2.50. Study of agency costs in relation to the total cost of advertising. How the agency operates; what various functions cost.

SUMMARY OF THE FULFILMENT OF THE FIRST FIVE-YEAR PLAN FOR THE DEVELOPMENT OF THE NATIONAL ECONOMY OF THE U.S.S.R. State Planning Commission of the U.S.S.R., Moscow, 296 pp., $1.25. Most recent available data on the accomplishments of Soviet industry and agriculture; plans for the future. Distributed in the U. S. by Amkniga, New York.

Next—the Stock Exchange

Disinfecting the Stock Exchange probably the next task before Congress. Pooling, listing, margin trading, short selling, and the specialist are on the spot. Constitutionality of Exchange regulation is questioned.

EVIDENCE multiplies that the New York Stock Exchange is due for a spanking. The public is exercised and Congress is responsive. A lot of money has been lost, probably through no fault of the Exchange, but the Exchange is the convenient goat. Disclosures of certain practices on the Exchange which have been coming to light through the Senate Banking and Currency Committee during the past year have fed public wrath. Remedial proposals, however, tend to confuse the mechanism of the Exchange with the use made of it by outside groups.

Pools Under Fire

"Pooling" is the catchword. Only last week there came to public notice the case of Atlas Tack, which advanced from 1½ points 10 months ago to 34¾ and then broke suddenly 20 points in 2 days. Then there is the classic example of Radio stock which was aired before the Banking and Currency Committee. Radio went up from 85 in February, 1928, to 420 in December, with proper nursing by a group of professional operators. The list is long. The Exchange says that the pools are formed outside, that the Exchange is not in collusion with pools, that brokers rarely know for whom they sell. Of course this sounds a little specious when it is known that floor brokers and the specialists (until 1932) usually were taken in as members of the pool in order to facilitate "wash" sales.

However, all pools are not bad; witness the famous bankers' consortium of 1929 to cushion the crash.

And then there is the ever-recurring horrible example of the pious—margin trading—which, it is alleged, whets the appetite for speculation by permitting the speculator to manipulate with a small amount of money a large amount of stock.

The Margin Problem

The Exchange says that this again has no relation to the Exchange because all stocks are bought and sold for cash, and that the problem of brokers' loans is outside the province of the Exchange. The Exchange here vitiates its own argument by a rule that brokers must demand "adequate margins." Furthermore, in 1932, the Exchange adopted a 10-point minimum margin for short sales, and, last August, another rule requiring a 50% margin on accounts of less than \$5,000, and a 30% margin on accounts over \$5,000. The 1933 Glass Banking Act also recognized, at least partially, the fact that margin trading has something to do with banks, by prohibiting the placing of call loans by member banks when these banks are indebted to the Federal Reserve banks.

Short selling is another bugaboo. Again the Exchange says that it sells for cash and for immediate delivery. But it also has made a rule that borrowing stock by brokers for delivery must receive the blessing and permission of the owner of the stock. The criticism against short selling is endless. President Hoover felt that many of his ills were due to the Machiavellian manipulations of bear raiders. The Exchange argues that short selling is all right, but bear raiding is all wrong, and demands a month-end report of securities on which brokers are short.

More Information Wanted

Then there is a never-ending complaint that many of the securities listed on the Exchange are spurious or that the information about them is incomplete or incorrect. Examples, Kreuger & Toll bonds, many of the holding company stocks, and, more recently, permission to list certificates of deposit of protective committees holding bonds of defaulted railroads, where the provisions creating the protective committee are not in the interest of bondholders, but in the interest of bankers and reorganization committees. The alibi is that the Exchange has exercised due caution and care in listing securities and that the growth of the Curb, the second largest security exchange in the United States, at the very door of the New York Stock Exchange, is the best evidence of careful selectivity. Moreover, it is argued, the Exchange is supposed to provide marketability for securities and is not intended to guarantee them.

Finally, there is the assault on the "specialists" who are supposed to possess occult knowledge of what will happen on the Exchange because they have buying and selling orders above or below the market price, enabling them to forecast the volume of buying or selling at a given price. The specialists constitute the largest and most unpopular tribe on the floor of the Exchange. Exchange experts argue that the omniscience of the specialist is overrated, that outside buying and selling orders, more often than not, swamp the orders that a specialist has on his books.

But altogether, the arraignment of practices on the Exchanges sounds formidable, and something is going to be done about it. Just what, is not clear at this time. The constitutionality of federal regulation of the Stock Exchange is called into question. Trading on the floor of the Exchange is not interstate commerce. Lawyers doubt whether the use of the United States mails can be invoked as an excuse. Similar difficulties might interfere if recalcitrant Exchange members should object to a licensing system under an NRA code.

Remedies Prescribed

Even if we dispose of the constitutionality question, there remains the problem of what to do? The Exchange argues that its present unincorporated form (it is an association—a club) permits exacting and instant disciplinary action on the part of the Governors of the Exchange—something that could not be done by the government if members could resort to judicial injunctions and delays.

Listing at random the various remedial proposals that have been suggested, they include: licensing Exchange members; prohibiting participation in pools by commission brokers and specialists; making pool formation more difficult by regulating margin requirements; additional prohibitions for national and member banks in placing call loans (and some extremists would altogether prohibit brokers from making call loans to customers and confine security loans to banks); prohibiting short sales or requiring more frequent reports of short sales, or special taxes and higher margins; transferring the listing privileges from the Exchange to the Federal Trade Commission, thus bringing listing in line with the new Securities Act.

The ideal solution for the specialist seems to be to have him operate in a non-communicative vacuum.

Hogs Go Up

Postponement of processing tax increase reflected promptly in prices on the hog market.

POSTPONEMENT of the 50¢ hog-processing tax increase for one month had an immediate salutary effect on prices, despite the heaviest receipts for any week since January.

Postponement was based on the opinion that increased processing taxes during January and February would only result in an accumulation of surplus stocks and further depress prices.

The government's fall hog-killing program (*BW—Oct7'33*), as was expected, has not reduced supplies coming upon the market. Slaughter in November was about 20% more than the year before and preliminary estimates indicate December will equal the De-

cember before. However, after Jan. 15 it is expected that there will be a noticeable letup in shipments to market, as ordinarily the immature hogs which were killed during the slaughtering campaign would be pressing for sale at that time.

The Federal Surplus Relief Corp. this week (Dec. 27) started to purchase and process into wiltshire sides 292,875 hogs. This buying is to continue for 15 days, thereby taking an average of 19,525 hogs off the market daily.

Uncle Sam a Stepfather

Doting uncle of the states ignores the cities. They want recognition rather than funds. Specifically, they want tax anticipation warrants made eligible at the Treasury and the Federal Reserve.

He may be a kindly, doting uncle to railroads, bankers, and farmers, but he is just an aloof stepfather when it comes to cities. It must have been somewhat of a shock to our dear old Uncle Samuel when such sentiments were reflected at a recent conference of mayors. The executive committee of the U. S. Conference of Mayors met in Washington, outlined a program calculated to solve municipal problems and presented it to the powers that be.

Actually the mayors want recognition more than federal funds. They resent the fact that the federal government has never officially acknowledged the existence of cities. This is because the orthodox federalist regards cities as being essentially the creatures of states; states are the smallest governmental subdivision the federal government can deal with. But the trouble is that the depression has been no respecter of obsolete theories of government or anything else.

As a body politic, the city is faced with certain primary responsibilities of government. Essential functions must continue. Sanitation must be attended to, property protected, schools operated, countless other things must be done if people are to live close together.

Bankers Not Good Enough

Now tne big bad wolf stands outside the city hall doors. Increasing difficulty is being experienced in financing city services which, unlike corporate activities, cannot be so nicely trimmed to fit reduced incomes. Bankers who have partaken freely of federal generosity do not show the same generous spirit when it comes to buying municipal bonds or making loans on tax anticipation warrants. Thus the mayors request a relaxation of the federal attitude toward cities so that they may do their financing in their own right.

Specifically, they ask that tax anticipation warrants be placed on a higher plane in the nation's financial structure. First they ask that these warrants be made eligible as collateral posted by banks for federal deposits. This would help quite a lot in view of the large deposits in various sections to finance the PWA and the CWA. Treasury officials say that tax warrants can be placed on the eligible list under existing laws and are willing to concede that they are as valuable as some of the stuff they now take.

Furthermore, the mayors ask that tax warrants be made eligible for rediscount in the Federal Reserve System. This will probably require new legislation. The result would be to expand greatly the market for this type of security.

Ask Bankruptcy Rights

Also the mayors think that it is high time to do something about cities that are hopelessly debt-ridden. They feel that some such legislation as the Wilcox bill should be passed permitting municipal governments to come into federal courts and secure an order forcing a minority of their creditors to accept a plan for scaling down the debt, once the consent of the majority of creditors has been obtained. Federal action is necessary since the states are forbidden by the Constitution from taking any action that would tend to impair the validity of contracts. Stated briefly, what the cities want is the right to come under the bankruptcy law in a manner modified to suit their particular field.

More important than all else, however, the mayors want recognition. Once direct relations are established with the federal government, many of the municipal problems will tend to solve themselves. There is the matter of taxation, for instance. If the cities could really tap their sources of wealth, they would not have any debt problem to worry about. But as it is they must stand aside and see a golden stream flow out to enrich state and federal coffers.

Particularly is this true in respect to liquor, and the mayors are upset about it. While it goes without saying that most of the liquor will be consumed in cities, most of the revenue will go to the state and federal governments. The cities, faced with the chief task of regulating the thing, must be content with what is left.

Rail vs. Road—Another Round

Truck and bus operators complain that railroad rate cuts are catching them with their codes down, but some of the fighting is just an attempt to get eye of Congress.

With the approach of the winter session of Congress, the usual stream of recrimination between railroads and highway carriers, and interveners for one side or the other, has become a tide that deposits propaganda in the mail almost every day. That this will have any influence on Coordinator Eastman who, having been instructed by Congress to submit recommendations for regulation of the various agencies of transportation, now holds the whip hand, is past belief. Congress may be impressionable but it is more than likely that legislation may be held in abeyance pending a trial of the bus and truck codes. Any intimation to this effect from Eastman would clinch the matter. Through the Bureau of Railway Economics, the railroads make the point that the NRA codes are temporary and declare that substantial public opinion is in favor of a permanent policy of fair and reasonable regulation of all transport agencies.

Eastman Counsels Patience

Meanwhile, the truck and bus operators are bombarding General Johnson and Coordinator Eastman with charges that the railroads are cutting rates right and left just to take advantage of the highway lines' efforts, made in good faith, to stabilize business under NRA codes. Mr. Eastman takes the position that he can't now intervene effectively because the truckers are not yet subject to the jurisdiction of either NRA or the ICC. He has assured them that when their code is signed and sealed, he will put the moral screws on the railroads to play fair. This smells like horseradish to complainant truckers who say that the railroads, in the meantime, are cutting rates not only to a competitive basis but to less than the truckers' cost of doing business. By comparison with the railroads the fly-by-night trucker in the ointment is a petty chiseler, according to Ted V. Rodgers, president of the American Trucking Associations, Inc., who still talks like a truck driver but writes like a poet since he got him a publicity man.

Bus Companies Rebellious

With a code already binding them to tariff rates, members of the National Association of Bus Operators suggest that it is up to General Johnson to defend them against their big competitors, who have not been put under a code of fair competition. The least Johnson could do, in their opinion, is to talk it over with Eastman who, albeit with no statutory authority, might be able to persuade the rail carriers to stop cutting fares somewhere along the line. Bus operators are peeved enough to demand a release from their code unless the government makes some attempt to establish a more harmonious competitive relationship with the railroads.

Willing to let the railroads experiment in recouping passenger revenues, the ICC, so far, has refused to veto fare reductions made by Southeastern and Western roads and "because of the very gratifying response by the public," Western roads are further reducing the round-trip coach rate from 2¢ a mile, effective since Dec. 1, to 1.8¢ Jan. 2.

Store-door pickup and delivery service in which the Pennsylvania was the ringleader has hit the truckers hard but, says Mr. Rodgers, they are not crying over spilt milk. ICC examiners also have recommended dismissal for want of jurisdiction of the complaint of the American Highway Freight Association (one of the predecessors of American Trucking Associations, Inc.) against the Railway Express Agency, claiming that its subsidiary, Railway Motor Express Transport, is a device to circumvent the Interstate Commerce and Elkins Laws. The examiners can't see it that way, holding that the relation between the express company and its highway subsidiary is legitimate, and that there is no evidence of discrimination.

Answering Mr. Pelley

Highway interests are still endeavoring to dispel the effect which J. J. Pelley, president of the New Haven, had on the interstate bus and truck conference in Harrisburg, Pa., last October. Pelley opposed a recommendation that states adopt vehicle size and weight limitations proposed by the American Association of State Highway Officials and the conference disbanded without acting on the proposition for which it was called by the American Legislators Association. Pelley argued that, as a large part of highway expense is now being paid from general taxes, the question of size and weight involves the burden the taxpayers must carry for the benefit of highway transportation. The proposed restrictions, he said, would actually increase the allowable over-all length of motor vehicles in many of the states. The implied effect on the taxpayers' pocketbook is obvious.

The National Highway Users Conference (whose members purvey the tires, oil, cement, and other products essential to highway transport) quickly replied that 34 states levy (1931) no general property taxes for state highways, that 22 make no special appropriations or general levies on property for state highways. As for local roads and streets, the railroads benefit as much as anybody else, according to the Highway Users. Concerning size and weight restrictions, they report that the 35-ft. maximum for a single unit would increase the allowable length in 9 of the 17 states and the District of Columbia considered at the conference, and reduce it in 5. In 4 it would remain the same.

R.R. Company Unions

Eastman warns roads to keep hands off employee organizations.

NIRA is one law to which the railroads are immune, but they are now confronted with one of the pestiferous issues so disconcerting to coded industries. Congress wrote its predisposition against "company unions" into the Emergency Railroad Transportation Act. A provision prohibiting managements from interfering with organization of employees and using company funds to maintain company unions or to influence or coerce employees to join such unions was carried over from the Bankruptcy Act of last spring, where it applied to judges or trustees having railroad properties under their jurisdiction.

Asks Voluntary Action

As the Emergency Transportation Act depends for its enforcement on one man and that man is sympathetic with labor, Transportation Coordinator Eastman has served notice on the railroads that they are liable to prosecution for violations disclosed by investigation of their relations with their employees, but, before applying to the U.S. district attorneys, he has requested offending roads voluntarily to take "hands off."

Railroad company unions are confined mostly to shop and clerk employees and the largest of such organizations is on the Pennsylvania Railroad. The Pennsylvania union has petitioned Eastman that it be allowed to continue and, at the suggestion of W. W. Atterbury, president of the road, the Eastern regional coordinating committee has sought a conference with the Coordinator to discuss alleged violations.

The Eastern railroad presidents' conference has appointed a committee to consider another proposal by General Atterbury that the managements and rail unions unite on a legislative program in which employee pensions are thrown in as an inducement for cooperation. In Chicago, the chiefs of the 21 rail unions have their own prescription on this. They have also revived their demand for a 6-hour day with no reduction in compensation.

Business Abroad

World business anticipates better times in 1934. Year-end indicators generally above 1932 levels. Germany stresses need for economic independence. France and Britain see trade opportunities in world recovery. Japanese competition has everyone worried.

Europe

EUROPEAN NEWS BUREAU (*Cable*)—Optimism is widespread as 1933 ends. Industrial production has picked up, on an average, more than 10%, most of it since the middle of the year. Employment increased steadily during the late summer and, in most countries, it has been well maintained so far this winter. Prices are up. Tax receipts are above the 1932 levels. Rail traffic is generally heavier. Bankruptcies are fewer. Foreign trade is improving.

The monetary situation is still a worry. The year has seen the dollar drop from par to somewhere around 64% of its former gold value. France, Holland, and Switzerland are the nucleus of a small group of currencies remaining on the gold standard, and there are fears that Holland is going to decide to devalue the guilder for the competitive advantage in world markets. Stabilization is discussed everywhere but few expect it in the near future.

Foreign trade is recovering unevenly. There has not yet been any all round lowering of tariff barriers. Indeed, they have been raised this year and the quota system has been widely adopted. But individual countries are getting together and ironing out problems, opening up trade on a bilateral basis. It is the multiplication of these 2-country treaties which has given trade its major boost in recent months.

Britain has led the way with special agreements with Denmark, Finland and the Scandinavian countries. Germany has negotiated new deals with Holland, Switzerland, and Poland. France is in the throes of rationing out import quotas on a strict bargaining basis. One of the first bargains was with the United States—bigger imports of American apples and pears for larger sales of French wines. This sort of bargaining is likely to carry on throughout 1934, with signs toward the end of the year of larger customs groups forming, each member depending on the other members of the group for its major supplies and its major outlets.

If business is pleased with the outlook for 1934, it is not unaware that the new year will bring an increasing lack of freedom for individual enterprise and a spreading of government regulation. Germany, Italy, Britain, and even France, are feeling the same restraining hand which has come in the United States under the NRA. On the whole, there is very little resentment.

Increasing nationalism is making of nations the sort of competition formerly provided by individual industries. Germany is working feverishly to become as economically self-sufficient as possible. Britain is working in the larger field of the Empire. France is attempting to increase its trade with the colonies. The intense competition from Japan in world markets is stimulating these efforts as much as any one thing.

Wide World

LONDON'S NEWSPAPER ROW—Modern Fleet Street, showing Mersey House at the left, the *Daily Mail* offices in the center, the *Daily Express* at the right.

Great Britain

Britain anticipates better business in 1934. More government regulation of industry expected. Soviet accord ready.

LONDON (*Cable*)—The turn of the year is far more hopeful than any such period since 1929.

Unemployment has declined 800,000 during 1933. Passenger travel and car loadings are rising steadily. Commodity and stock market prices show rises of from 10 to 40 points for the year. In some instances, values have doubled. The index of 30 industrial stocks has jumped from 65.9 to 83.2, with the index of fixed interest stocks up from 124 to 128.6.

Looking back over 1933, it is clear that the transition from private enterprise to control has been tremendously accelerated. Tariffs, quotas, and government marketing schemes have all been augmented. Pig marketing, and bacon marketing, and milk marketing are now in full operation, with a livestock scheme in process of devisal. The steel reorganization scheme is expected at any moment. The Coal Commission has applied its powers of compulsion to many coal fields. Outside direct government intervention, such bodies as the Lancashire Cotton Corp., the Shipbuilders' Securities Trust (for scrapping obsolete yards), and the Electricity hookup have perfected their hold over their respective areas of activity.

In short, Britain in 1933 has made marked progress towards the suppression of individualism which is usually associated with dictatorship, but has no dictator. The people have not realized, still less resented, the trend for several reasons. The present generation in Britain is far less politically minded than were previous generations. The failure of the Labor government in 1931 broke

the superstition that there was an old gang of self-interested incompetents and a new race of idealists whose altruism would bring about miraculous changes. The mind of business men has been attuned to regimentation by a decade of restriction schemes in the various primary industries, where the need to organize for the producer rather than for the consumer could not be denied or delayed.

London has word now that details of the new trade agreement with the Soviets can be expected at any time. It is believed that some compromise has been reached on the controversy over the Lena Goldfields case, but it is possible that this question has been held out for further discussion at a separate conference. The matter is gradually settling itself. The arbitration committee awarded the Lena company £12 millions in settlement of the contract. Russian delegates have offered to settle for £2 millions. It is now understood that the British will finally close the matter for £3.5 millions.

Germany

Industrial production rose 22% in 1933. Industry counts on domestic expansion for 1934 gains. First chain store decentralization accomplished.

BERLIN (*Cable*)—Germans are far more confident of the business future than for some time. Optimism is based mainly on domestic factors, though the fact that the world is enjoying some degree of recovery is not ignored. It is simply that Germany expects to get ahead next year mainly as a result of her own internal efforts.

The majority of the country's most reliable business indicators are materially above last year's levels. Industrial production has advanced more than 22% for the year, and other indicators don't lag far behind. In addition, there is less dread that the Hitler government is going to plunge the country into a lot of unsound experiments. It is admitted, however, that the days of economic freedom are gone. Government regulation, as in Britain, Italy, and the United States, is the order of the day.

As the year comes to an end the chief concern of business is export trade, particularly since the trade negotiations with the French have broken down and the new French import quotas are due to be announced shortly. Fortunately, new agreements have been signed with 2 good customers—Holland and Switzerland.

Although the Nazis have virtually called off their campaign against department and chain stores so that buying in these stores is no longer regarded as a breach of party discipline, the aftermath of the boycott is still felt by the trade, and most department and chain stores reported substantially lower sales for the last few months. Simultaneously, independent retailers and specialty stores registered higher sales than a year ago.

It is therefore generally anticipated that the coming year will witness a large number of liquidations with a subsequent split-up of large concerns into independent units. For the time being the firms concerned are trying to evolve such forms of reorganization as could be carried out with a minimum of loss to the old owners.

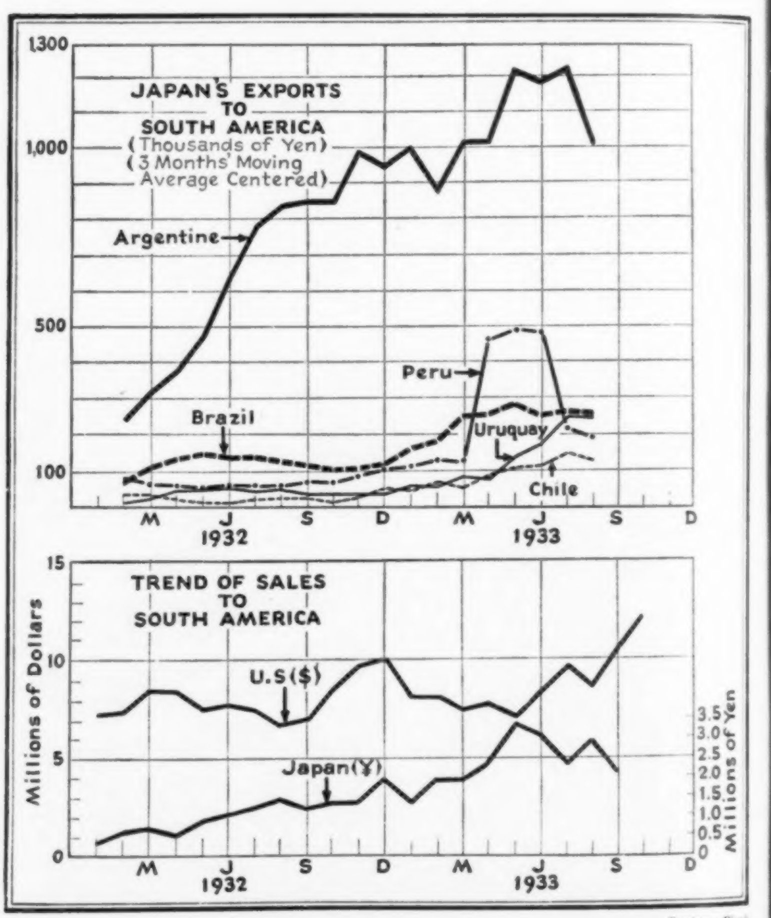
From this viewpoint, Germans interested in problems of distribution are watching with particular interest the reorganization of the Karl Froehlich A.G., well known Frankfort chain store with about 100 units. These 100 branches have been reorganized into independent stores, with managers in most cases purchasing control. The new owners have formed a cooperative buying society which will take over the purchase department of the old firm. The necessary capital has been supplied partly by the new owners and partly by the banks which were interested in promoting the smooth liquidation of Froehlich chain stores.

France

Parliament passes the budget, votes a Christmas holiday. French business compared with 1932.

PARIS (*Wireless*)—The French Parliament came to its own rescue late Christmas eve, passed the budget, and voted a holiday until Jan. 9.

The budget bill as it now stands differs little from the original proposal



STRUGGLE FOR A MARKET—Forced out of India and threatened in other markets, Japan is carrying on a vigorous campaign to expand sales in South America. It was an easier job before the dollar began to depreciate. Since April, products from the United States have been able to compete more favorably, though the Japanese yen is still depreciated far more than the dollar. Americans believe that private tariff discussions at the Montevideo conference have paved the way for 2-country trade bargaining which may just possibly develop into a Pan American economic group.

The economies effected amount to only 4,476 million francs and while this is not enough to bring the budget into balance, it is sufficient to help relieve worries for the immediate future. With the bill was voted credits for 2 months to keep the treasury afloat till the budget can be completely passed and made effective. At least a part of financial Paris believes that the right granted to the government to float another 10 billion francs of treasury bonds will make it unnecessary for the French to borrow abroad, especially since confidence in the franc and the country's ability to remain on the gold standard have been restored recently.

Progress in France

Frenchmen, checking back over the year's economic progress, checked end of November statistics (latest available) with those of a year ago and found reason for at least some optimism:

	1933	*1932*
Wholesale prices		
General index	382	390
Raw materials	365	351
Foodstuffs	402	436
Unemployment (registered)	252,201	255,411
Weekly railway receipts (millions of francs)	212	215
Daily carloadings (average)	49,900	47,100
Paris Bourse (index)		
Stock prices	55	125
Bond prices	63	81
Bank of France		
Gold (millions of francs)	77,822	83,342
Percentage gold cover	79.14	77.57
Industrial production		
General index	108	95
Automobiles	413	398
Textiles	77	67
Metallurgical	81	70
Building	88	92
Coal (thousands of tons)	4,080	4,092
Iron (thousands of tons)	2,624	2,250
Foreign trade (adjusted indices)		
Imports	125	126
Exports	88	86

There are some objections from certain quarters that these figures do not truly present the picture of the current situation in France, but to most Frenchmen they demonstrate that France is generally benefiting with other nations in world recovery.

Latin America

Business is quiet in holiday lull. Montevideo conference ends. Hopes placed in tariff concessions.

THE Montevideo conference ended in nothing more than a scramble for the night boat to Buenos Aires. With the ink scarcely dried on the new pledge of the Pan American nations to respect the various peace treaties they have signed in the past, there are already rumors that hostilities in the upper Amazon between Peru and Colombia are being revived. Colombian creditors claim the country is diverting funds from the national treasury into a war chest instead of meeting foreign obligations. There is even little confidence that the Chaco dispute is effectively settled.

Real hope is in the Hull proposals for tariff adjustment. No new arrangements are announced from Montevideo but officials in Washington anticipate several new bilateral treaties with South American countries to be announced soon. And Europe fears that the United States is undertaking to build a Pan American customs union which will effectively prevent European expansion in South American markets.

Business in individual countries is quiet due to the long Christmas holiday and the approach of the new year.

Far East

Japan celebrates birth of Crown Prince. Exports expected to come under government control to prevent increase in foreign cries of "dumping."

THE birth of a Crown Prince in Japan last week is an event of first importance. There will be some immediate effect on business as a result of the festivities but the real significance is the optimism it creates among a people who believe that their 2600-year-old ruling family will be continued through this heir. The formal opening of the Diet, following the royal birth, was an unusually solemn affair.

One of the bills which will be presented to the Diet sometime soon is a plan to control exports. The *Trans-Pacific* says: "Japan must carry out virtual trade control over its exports to British India if the Indo-Japanese trade negotiations now under way in Simla are concluded. To this end, the control of exports will be placed with the Ministry of Commerce. To counteract the NRA movement in the United States, export control is also needed. Salient features of the bill are that the Minister will be vested with the right to prohibit the exports of guilds as well as outsiders when he believes it necessary to do so, and that in him rests the right to regulate export prices. He will also have the power to control production to meet export needs."

Business activity is well maintained at the end of the year, and there are prospects that military demands and projects in Manchukuo will furnish large orders in 1934.

The Figures of the Week

Chief encouragement in the 1933 record is the evidence of a turn in the trend of business activity. The goal is still ahead. Construction offers the basis of next year's continued recovery.

THOUGH business activity knows no such arbitrary period as the calendar year, the business annalist finds it difficult to resist the good old custom of ringing out the old year and ringing in the new with a tray of statistical cocktails. The urge to summarize and catalogue is particularly strong when the events of the year embrace such encouraging and dramatic episodes as 1933 offered.

Unfortunately the records are not yet completed, but enough is available to get a general picture. Only then does one realize that, taken as a whole, 1933 has just managed to exceed 1932. Progress has been swift since the first quarter, but those first few months were a heavy drag on the year's total volume. In some lines, such as steel and automobile production, the improvement far exceeded the general average, if percentage gains be the criterion. But general business activity measured by *Business Week's* composite index will show only about 4% average gain over 1932.

It was the June, July, and August pace in manufacturing industries such as textiles, steel, motors, and shoes that pushed the Federal Reserve Board's index of total industrial production to 77% of the 1923-1925 average for the first 11 months of 1933, compared with 64% in all 1932. The peak of the seasonally adjusted series was reached in July with 100%. November stood at 73%. Steel tonnage in 1933 will approach 23 million tons, a 70% gain over the 13.3 millions of 1932. Automobile production is estimated at more than 2 million units against slightly more than 1.4 millions the preceding year, a 43% gain. Retail motor sales even in November continued the substantial increase over the previous year.

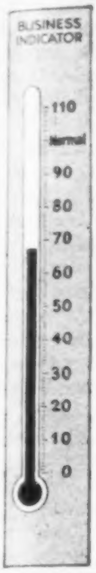
These are typical of the sharper gains in industries hit hardest by the late depression. In other fields, the annual averages are less spectacular. In some, such as construction, there are even losses to be accepted. In spite of the highly satisfactory Christmas trade reported in all parts of the country, it is unlikely that the 6% lag existing at the close of November will be entirely eliminated. Similarly, the general level of wholesale prices of 784 items in the first 11 months of 1933 was but 1% above that of 1932. All of which does not deny the importance of the 19% gain over the February low, or the 11% spread over November, 1932.

The first 50 weeks of carloadings are but 2.5% ahead of the same period the preceding year; soft coal production 8.3% ahead, and hard coal output 1.2% below 1932. Employment in manufacturing industries through November stood 6.7% above the average of 1932, at 64% of the 1926 level, while payrolls were 4.6% higher than the 1932 average, and only 43.5% of the base year, 1926. Here, too, the annual composite conceals the progress achieved in the last 8 months. Employment has increased nearly 30% since March, and payrolls 51%. Even with the seasonal slackening apparent in November, the number employed in the nation's factories was 20% above the preceding year, and payrolls fully 30% larger.

It is the construction industry on which the sun now shines brightest, forming the hope of 1934's sustained recovery in a variety of fields. Efforts to bolster another of the major capital goods in-

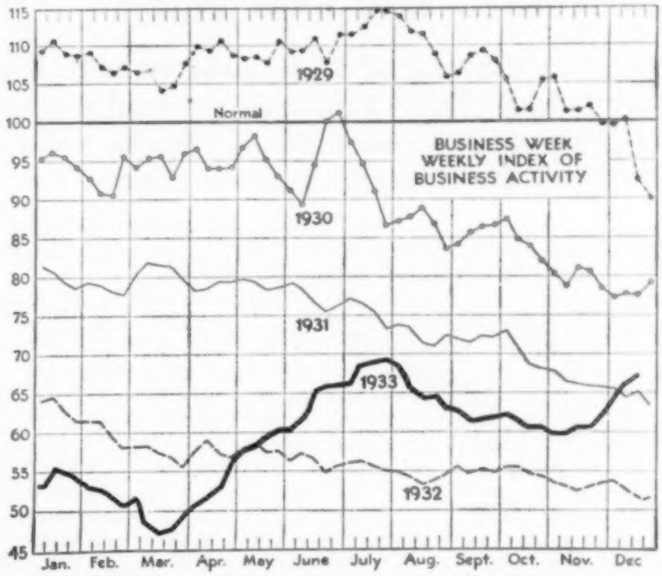
BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*	*Five-Year Average (1928-1932)*
BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY	*67.6	†66.5	51.7	....
PRODUCTION				
Steel Ingot Operation (% of capacity)	31.6	34.2	14	31
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks' basis)	$7,866	$6,998	$4,043	$11,479
Bituminous Coal (daily average, 1,000 tons)	*1,221	†1,107	1,306	1,560
Electric Power (millions K. W. H.)	1,657	1,644	1,554	1,692
TRADE				
Total Carloadings (daily average, 1,000 cars)	92	90	86	124
Miscellaneous and L. C. L. Carloadings (daily average 1,000 cars)	59	59	51	78
Check Payments (outside N. Y. City, millions)	$3,208	$2,727	$2,967	$5,166
Money in Circulation (daily average, millions)	$5,855	$5,784	$5,734	$5,271
PRICES *(Average for the Week)*				
Wheat (No. 2, hard winter, Kansas City, bu.)	$.79	$.82	$.42	$.78
Cotton (middling, New York, lb.)	$.102	$.101	$.059	$.120
Iron and Steel (STEEL, composite, ton)	$32.42	$32.42	$28.91	$32.57
Copper (electrolytic, f.o.b. refinery, lb.)	$.080	$.079	$.048	$.111
All Commodities (Fisher's Index, 1926 = 100)	71.4	72.0	58.5	78.9
FINANCE				
Total Federal Reserve Credit Outstanding (daily average, millions)	$2,693	$2,683	$2,189	$1,800
Total Loans and Investments, Federal Reserve reporting member banks (millions)	$16,694	$16,519	$16,854	......
Commercial Loans, Federal Reserve reporting member banks (millions)	$4,859	$4,875	$5,138	......
Security Loans, Federal Reserve reporting member banks (millions)	$3,600	$3,596	$3,805	......
Brokers' Loans New York Federal Reserve reporting member banks (millions)	$753	$760	$395	$2,302
Stock Prices (average 100 stocks, Herald Tribune)	$97.68	$98.21	$82.87	$129.89
Bond Prices (Dow, Jones, average 40 bonds)	$83.15	$83.00	$76.70	$87.38
Interest Rates—Call Loans (daily average, renewal) N.Y. Stock Exchange	1%	1%	1%	3.6%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1½%	1¼-1½%	1¼-1½%	3.7%
Business Failures (Dun and Bradstreet, number)	250	260	525	536

*Preliminary †Revised



The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures —steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For any further information, write the editor.



dustries became definitely visible in August, and each succeeding month brought additional proof that the government was in earnest in attacking the depression with construction. By November, public works constituted 64% of the contracts awarded in the 37 states, and December bids fair to maintain this position. So great have been the projects in this branch, that coupled with a small amount of utility awards, the combined awards come within 6% of total public works and utility contracts of 1932. It is possible that the last 2 weeks of December may bring forth enough volume to permit 1933 to equal or exceed 1932.

Construction Steadily Better

In the first 50 weeks of 1933, total construction coming to the contract stage aggregated $1,175 millions compared with $1,351 millions for the entire year 1932. From a lag of 35% in the first half of 1933, awards have steadily grown until the volume through Dec. 15 is but 13% behind the whole of 1932.

While public works have accounted for the greatest share of this improvement, the residential field has made a notable contribution. A 30% lag in the first 6 months was reduced to less than 14% by mid-December, and additional awards to come will further narrow the gap. The December rate is now 6.5% above that of November and 110% above a year ago.

Non-residential building has shown more moderate improvement. By Dec. 15, awards were 21% behind the whole year 1932. But the 70% increase over the November daily average reflects encouraging revival among private builders.

In the first 2 weeks of December, awards totaled $122.9 millions which is already 51% more than the whole month of December, 1932. Public works and utilities were almost double a year ago; residential 5% greater, and non-residential 2% above December, 1932, awards.

Steel Activity Less

Estimates of activity in the steel industry are somewhat at variance this week. The American Iron and Steel Institute lowered its figure to 31.6% of capacity for the week beginning Dec. 25 compared with 34.2% a week earlier. Apparently some firms took time out to celebrate Christmas and New Year's in spite of the rush to get last quarter orders off by the Dec. 31 deadline. Otherwise, the situation in steel towns remains substantially the same as in recent weeks. Some misgivings are expressed that the basis for the late spurt in activity represents buying for stock rather than consumption. Counteracting this fear is the realization that little of it involved public projects which are not subject to the delivery regulations of private products, nor did it involve much rail and motor business. These 3 major outlets for steel remain the prospective customers for starting off the new year.

Ford is the most active assembler at the moment, having something of a head start over other producers. Employment in Detroit stood at 52.1% on Dec. 15 compared with 41.2% a month previous. Moreover, his New York show proved such an attraction, that Ford decided to keep it going a while longer.

Railroad equipment plants are being opened in anticipation of the accumulating orders for freight cars and locomotives. Air-conditioning business is stimulating shops in the Chicago area, since the New York Central has decided to install such equipment in its Twentieth Century Limited and other leading trains. The Pennsylvania is also getting ready for summer.

November automobile factory sales, roughly comparable to production, declined sharply from the October level. In the United States and Canada, the month's output was only 66,195 cars, a 53% drop from the 142,167 of the preceding month.

More Machine Tool Orders

Machine tool orders in November reached the highest level in 2 years, and gained as much as 20% over October. Part of the improvement was due to government orders for Navy yards. In the last 2 weeks, Buick and the French motor producer, Citroën, placed orders for $3.5 millions of tools, divided among a half dozen companies.

Carloadings during the week ended Dec. 16 fulfilled predictions by actually showing an increase over the preceding week for the first time since 1919. Coal loadings accounted for the bulk of the gain. Miscellaneous and l.c.l. loadings declined in the normal seasonal fashion.

Railroad earnings in November, based on the first 32 roads reporting, indicate that a favorable comparison with a year ago will be made again. So far, the margin is 24% above the net operating income of November, 1932.

Electric power production continued to expand during the week ended Dec. 23. The Western mining area and the Central industrial region are calling for more current than a year ago. In the latter region, steel activity and motor production account for the rise.

Money and the Markets

Hosannas at the end of 1933 contrast with lamentations at its beginning. Lethargic year-end markets fail to celebrate silver proclamation. Stocks sink, bonds rise, Santa Claus comes to livestock producers.

Money

THE end of 1933 contrasts sharply with its beginning. A heavy pall hung over the financial community as the year 1933 opened. An alarming conviction that portentous events were impending pervaded the financial centers. Washington was planless, chaotic, and lackadaisical. Wall Street ws jumpy and jittery. Undercurrent talk of the imminence of a crash filled the air.

The atmosphere today is wholly different. The year ends with a feeling that the worst is over, that industrial activity is on the upgrade, that the road to recovery has been opened, that important financial obstacles have been removed. Wide differences in views on what is the right road still exist, but there appears to be no doubt that we are headed in the right direction. Discords over the Securities Act, the Deposit Insurance Corp., governmental gold and silver buying, the depreciation of the dollar, are all minor notes in the chorus of confidence and hope.

But the year-end somnolence has set in, interrupted briefly by the President's silver purchase announcement. The markets aroused themselves temporarily from their comfortable lethargy, rubbed their eyes, yawned, and went to sleep again. The year-end influences had not been overcome.

Reports coming from banking sources are negligible. The Federal Reserve Banks have stopped all open-market operations for the present, member banks have stopped increasing their excess reserves and, for that matter, have also stopped borrowing. Note circulation has increased seasonally by $57 millions and now stands at $3.3 billions.

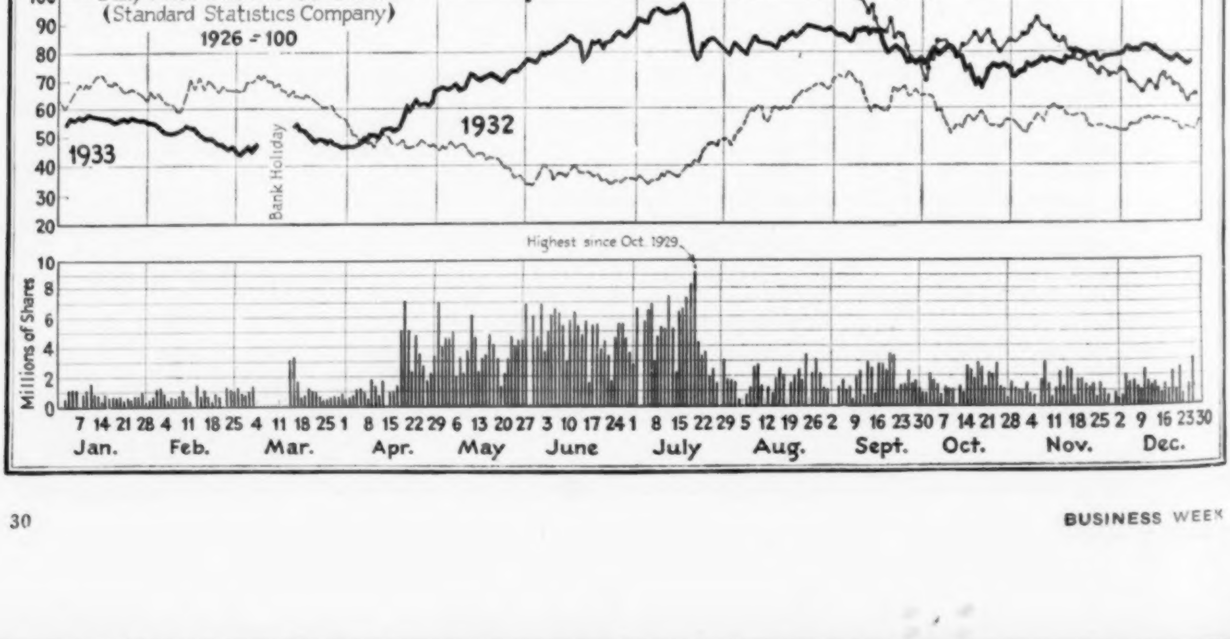
Loans and investments of weekly reporting member banks in 90 cities, after showing little change in September and October, advanced sharply during the week ending Nov. 1, and, following a moderate decline thereafter, continued in a larger volume than during the preceding 2 months. The year closes with another addition of $175 millions. Of this, $140 millions represents investments in government securities; $47 millions went into other securities; loans declined $12 millions. The change this week is typical of the trend. Recent changes in total loans and investments have reflected chiefly shifts in holdings of government securities. "Other securities" have shown little variation throughout the year.

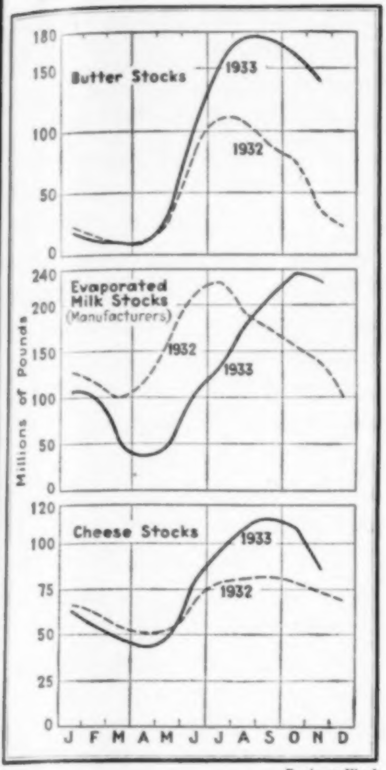
Of course, Treasury financing has influenced the changes in the banks holdings of government securities. As new Treasury issues have come out, they have been promptly reflected in increased holdings of reporting member banks; then, gradually, as these holdings have been distributed, the total held by the member banks has begun to decline. The practice is for the reporting banks to buy these government obligations by crediting the Treasury with the deposit. These deposits are then gradually withdrawn as the Treasury needs funds. For example, in this week's report the increase of $140 millions of United States government securities held by reporting member banks is countered by an increase of $150 millions in government deposits.

Security Loans at Low

Loans on securities declined steadily from April to July and now are near the low point of the year. These loans on securities reflect a decline in loans to brokers and dealers in securities, and a reduction in dealers' loans to customers. Both processes have been going on almost continuously for 3 years.

"All other loans," which, in the main, have been increasing since last March, reflect the growth in the banks' holdings of acceptances. In spite of all the discussion of the need of credit expansion, commercial loans to customers have shown little change. The same holds true of deposits of individual customers which have varied little except in country banks where deposits increased through the autumn as customers deposited the proceeds of their marketed crops and funds from the AAA and FCA. The total gain in deposits in the reporting banks is the consequence of an in-





HEAVY STOCKS—LOW PRICES: When dairy men protested against the recent slumps in butter prices, Secretary Wallace pointed to the cold storage piles in reserve, on which even government buying for relief distribution has made only a minor dent.

crease in United States government deposits and about $200 millions increase in bankers' balances.

The statement of the Comptroller of the Currency on the present situation of Michigan banks is intended to be a sample picture of what has happened to the banks of the country. Of the 54 national banks which failed to receive banking licenses following the bank holiday, involving deposits of $567 millions, 24 have been rehabilitated, 18 have approved plans for reorganization in various stages, and only 12, involving $4 millions in deposits, have failed to have their plans approved by the Treasury.

One banking development which continues to be fraught with significance is the RFC's purchase of capital stock and capital notes in the banks of the country. After the operation is completed, it now appears that the RFC will own about 30% of the $3.5 billions capital in our 14,000 commercial banks. This purchase of capital stock must be sharply distinguished from loans on collateral that were made to banks early in 1932.

All this raises the question of whether the government will be content to maintain a passive rôle when it has so large a direct stake in the banks. The President has assured the banks that there is no thought of nationalization. However, it is interesting to note that when, in 1931, the German government purchased stock in the Reich's large banks in order to avert a panic, the move turned out to be the first step in the nationalization of these banks.

The sharp increase in "sight deposit gold" of the Bank for International Settlements at Basle is an indication of the avid search for safety for their funds by central banks in Europe. This gold is owned outright by the B.I.S. against deposits on which is granted the privilege of repayment in gold. Additional gold is held by the B.I.S. for clients who have given orders to buy gold and keep it for them.

Stocks

STOCKS seesaw but, in the main, have been going lower. The retreat has been orderly. The market's uncertain behavior is attributed to year-end tax-selling, liquidation of pool accounts, and possibly to apprehension as to what the next Congress will do to the Stock Exchange, to industry, to banks, and to money. The Treasury deficit foreshadows an increase in taxes. Where will they fall? If on corporations, then the prospects for common stock dividend payments might go glimmering. The absence of any change in the gold purchasing price of the RFC for the last week also has taken the wind out of the inflationist stocks, popularly referred to as the commodity groups. The outlook for fourth quarter earnings is uncertain, and, at best, has had a hold-off effect.

Bonds

BONDS, after losing considerable ground, made an impressive recovery. The silver announcement and the mounting Treasury deficit depressed governments. The subsequent pickup is attributed to "switching" to establish losses for tax purposes. The weakest group were the utilities, which continued towards a new low in 5 weeks. The persistent decline of utility bonds since their high last July is, in large measure, attributed to the known unfriendliness of the government to recently revealed utility practices. It is hard to see the connection. Should adverse legislation develop, it would affect the stocks, but would leave most utility bonds unimpaired.

Foreign bonds have continued to rise in spite of Germany's announcement of a new export slump, which was promptly followed by a statement of the president of the Reichsbank, Hjalmar Schacht, that "German obligations to make transfers exceed by far the present possibility of exports."

Railroads turned up after a discouraging decline the preceding week, probably in consequence of a better appraisal of the October earnings of Class I railroads, discussed last week.

Commodities

SANTA CLAUS brought cheer to livestock producers in the form of a reversal of cattle and hog prices. After declines in the preceding week, there was a sudden upturn. Silver responded to the President's silver purchase message by advancing 1 point and then sagging back to 43¾¢. Traders feel that international action will have to be taken before world silver markets can respond to the new domestic price for newly mined silver sold to Uncle Sam. Stocks of silver are too heavy to liberate the present commercial market. Other nonferrous metals found the going dull. Holidays both at home and abroad acted as a damper on sales. Moreover the delay in completing the copper code was a disappointment.

During the week, the cotton market has been a quiet holiday affair with January options around 9.95¢, only a few points higher than in the preceding week. Wheat for December delivery is now about 83¢ in contrast to 79¢ a week earlier. Advances in wheat prices influenced flour which followed suit. Buying has been restrained by the slow progress made in code settlements for millers and macaroni producers. A price war in macaroni adds to the hesitation.

Other commodities moved slightly higher. This was particularly true of rubber, coffee, hides, and sugar. Strength of scrap steel augurs well for next year's steel production.

The statistical position of butter in cold storage, and of evaporated milk and cheese, as shown in the accompanying chart, graphically illustrates the predicament in which these commodities have landed. The downturn in butter stocks since last July is seasonal and not much comfort can be gotten from their continued liquidation when these stocks are contrasted with the holdings of last year. The upturn in stocks of evaporated milk contrasts sharply with the liquidation that took place during the corresponding period last year, and the same thing may be said for cheese. The excess stocks account for the weak price position of dairy products. A quarrel on the government purchase plan has developed between the National Cooperative Milk Producers Federation and the Secretary of Agriculture. Says the Cooperative: "Four million dairy farmers in the United States face a tragic outlook."

BUSINESS WEEK

The Journal of Business News and Interpretation

DECEMBER 30, 1933

The New Year

OUR several consecutive expressions of wishes for a Happy New Year for the American business man have been wholly sincere—as wishes. But for four times, it has been only a wish, a wistful sentiment. This, our fifth occasion to extend the season's greetings, is different. This time, we not only wish you a better year, but we also venture to predict it.

World forces are at work to restore business. Recovery is slow, halting, irregular, but it makes measurable progress.

It is ominous, indeed, that in so many of the chancelleries of Europe and the Orient, they no longer say, "If we have another war," but, "When we have the next war." It is a particularly fatuous optimist who can survey the field of international politics without dismay. But 1934 does not look like the war year. It is prosperity that breeds the weather in which powder is most likely to explode. Nor is it yet to be despairingly conceded that the efforts of sincere statesmen in behalf of peace will fail.

Meanwhile, there are unmistakable signs of reviving industry and trade abroad.

Here at home, all energies of the government at Washington are bent toward creating a business revival. Any comparison of this New Year with last will show that progress has been made—not so much as enthusiasts predicted, but as much as impartial observers thought possible.

To be sure, there is a respectable body of opinion which holds that recovery was inevitable this year in any event, and that government intervention has hindered, rather than helped. There is no way to prove this, and most men would say the burden of proof was upon the skeptics. We sometimes remark that Bill Jones got well in spite of the doctor, but when the doctor comes, and Bill gets well, the sequence of events always is difficult to explain away as a mere coincidence.

Some of the most important phases of the Administration's recovery program are just beginning to catch their stride. That is preeminently true of public works. The stimulation of public works payrolls will be felt in many regions with cumulative force from now on.

NRA codes have created more employment and more stable conditions in various industries that were early in line. But most codes are so new as to have had no effect as yet. Scores await the President's signature; scores more are still in process. It is reasonable to suppose that of these hundreds, many will have as salutary an effect as some of the earlier ones.

It has been argued that NRA is not truly a recovery measure, but in part an emergency makeshift, in part a social reform. That is debatable. But at least the codes help start recovery; they offer the prospect of stamping out the vicious practices that discouraged so many business men, and give them heart to reemploy labor and go back into the fight.

The agricultural program already has strongly stimulated business in the farm states, north and south. Its effects, too, will be progressively apparent in the coming year.

Most important of all, perhaps, are plans still in the formative stage—an apparent intention to use the government credit to revive the durable goods industries, continuing plans to strengthen the banking system.

If our impressions are to be trusted, the Administration will put increasing emphasis in 1934 upon efforts to build up general business activity, and less upon monetary devices to raise prices—credit rather than currency inflation.

One may have reservations about the wisdom of part or all of the Roosevelt program as a long-term philosophy, and still find it impossible to escape the conclusion that 1934 will be a better business year.

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When the chef eats his own pudding

"Every publisher," so some people say, "believes that advertising can work wonders—for the other fellow."

Well, here's a publishing company which believes in advertising its own group of products.

We know that advertising will help us sell our publications to those business and industrial executives still outside the fold. We know it can impress on our present subscribers the necessity for reading each issue thoroughly. And so we run our circulation story as space advertising in McGraw-Hill papers—and find it profitable to do so.

So profitable, in fact, that we can do the most thorough circulation, audience-building job—at a profit! Thus, *your* advertising in McGraw-Hill Publications reaches a growing audience of interested readers.

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THE RIGHT KIND OF EDITING CREATES BUSINESS

BECAUSE of confidential contents we cannot show the greater part of the everyday correspondence with *Food Industries* editors. The original 1933 letters from which these abstracts are taken may be examined by responsible advertising men. however.

A Missouri engineering firm

Will you kindly put us in touch with manufacturers of brewery equipment, including bottling machines, wort fermentation vats, coolers, etc.? We have been employed to design a 100,000 barrel brewery.

An Illinois food processor

We should like to have the names of two or three manufacturers of food processing equipment who might be able to supply us with grinding equipment to incorporate solid materials in suspension in acid fruit juices.

A manufacturer of beverage equipment

We are contemplating manufacturing pretzels and we are in the market for the necessary machinery.

Manufacturer of colorings and extracts

We notice your article, "Concentrating Liquids by Freezing," and want to know who manufactures the machine mentioned. (A score of food manufacturers asked the same question.)

An Ohio roaster

We should like to have further details in regard to vinegar manufacture. Can you give us names of firms who can install this type of equipment and consult with us as to our needs? We would also like the names of firms making prepared mustard grinding equipment.

An ice manufacturer in Bombay

Referring to your article, "Concentrating Liquids by Freezing," may we request more information about the machine, the firm, the price and other particulars?

A California honey distributor

We have just subscribed to Food Industries and we are asking you for some data that will help us at this time. We are going to install equipment for refining beeswax and for making bee comb foundation. Can you give us sources of supply on filter presses, kettles, tanks, sheeters, smooth rolls and mills?

President of Pittsburgh food company

In looking over a few issues of Food Industries we do not observe any advertisements of the so-called industrial engineers. We haven't any thought of bringing in someone to vigorously change our factory and operations, but it might be good sense to at least let the representatives of some of these come in and talk with us.

President of a Baltimore company

I note in your July issue that there is a simple test kit which can be used by the ordinary steam boiler operator for determining the proper water treatment. I should be glad if you would inform me as to where this can be obtained.

An equipment manufacturer

We have a letter from a woman in Oklahoma inquiring where she may secure equipment for vacuum packing of pecan nuts. We have advised her that you will write and tell her.

A Boston advertising agency

We are anxious to insure accuracy of statements made in advertising copy. To do this we would like to establish connections with various organizations qualified to test a product and report authoritatively on its merit.

A Pacific Coast food broker

We have an inquiry from an ice cream manufacturer in the Orient for edible casein. He mentions also sodium caseinate. We would appreciate it if you could place us in contact with sources of supply for both these products.

A Kansas miller

Dr. Burton's article, "Queer Things That Happen in Mixing," has started us to checking the optimum time for our self-rising flour mixer.

An Ohio bottling company

We are wondering whether it would be possible for you to give us some of the packers of frozen fruits as we are developing a field for this type of merchandise.

One of the world's largest canners

We are considering changing the equipment used for the scalding operation and desire to canvass the existing field for the most modern and advanced type of scalding equipment.

A roasting machine manufacturer

We have been requested to look into the manufacture of cocoa malt. Would you by any chance have any data on the manufacture and machinery necessary for this product?

A manufacturer of equipment

A correspondent wants a pretzel making machine if there is such a thing. We have written that if anybody knows where to get one, you do. Please write him direct.

An export organization

Can you advise us who manufactures equipment for a small corn flakes factory? We have an inquiry from Mexico.

A Delaware baking company

Every day we are getting inquiries about our requirements for the packing of honey from the companies which you notified. We are very anxious to get an attractive jar, something that would be fitting to put on the table and yet something that would not be prohibitive in cost.

A home foods organization

Could you advise us where we might obtain a formula for curing and processing cucumber pickles? We would like to install necessary equipment for these operations.

A Maryland baking company

We are planning to operate a small preserving and canning plant using principally strawberries and tomatoes. Will you please advise us where we can secure information on latest methods?

A Soviet Russian engineer

Your article, "Where Carton Packaging of Foods Stands Today," prompts us to take the liberty to ask you about a problem with which you are likely well acquainted.

A Singapore manufacturer

I should be greatly obliged if you would kindly inform me the name of the manufacturer having a kind of machinery that manufactures egg noodles.

A New Zealand manufacturing chemist

We would be pleased to receive any particulars of any approved method of fumigation which may have been used in your country.

LEADERSHIP THROUGH READERSHIP FOOD INDUSTRIES